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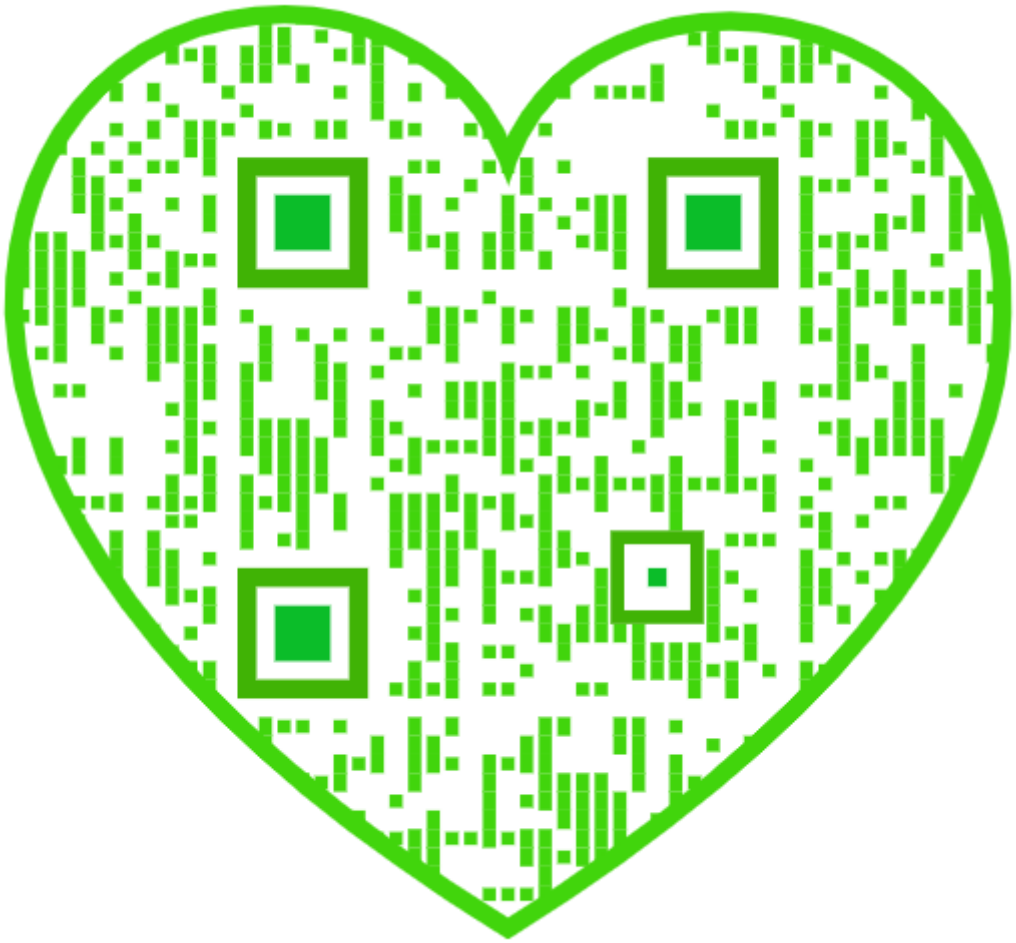

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PRACTICAL TREATISE

ON

BANKING.

BY

JAMES WILLIAM GILBART,

GENERAL MANAGER OF THE LONDON AND WESTMINSTER BANK.

FOURTH EDITION.

LONDON:

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PREFACE

TO THE FOURTH EDITION.

The first edition of this work was published in May, 1827; the second, in January, 1828; and the third, in December, 1834. As the work appears likely to remain longer in the hands of the public than pamphlets on banking usually do, I have determined to print it in a more permanent form, and to comply with established usage by writing a Preface.

There are three classes of persons to whom, I think, this work may be useful.

The first class includes those public men, who have occasion to write or speak upon our banking institutions. Authors, Reviewers, and Members of Parliament, however correct may be their knowledge of Banking as a science, often fall into mistakes, when they attempt to describe its practical operations. Although it must be admitted, that the principles of Banking may be well understood without any acquaintance with details, yet it is equally true, that if a public man have acquired a competent degree of practical information, his opinions will carry

greater weight, and he will be less liable to fall into erroneous conclusions. They, especially, who are desirous of altering the constitution of our Banking establishments, should be anxious not to weaken the force of their recommendations, by making misstatements as to matters of fact. The public have a right to expect, that they who attempt to improve a system, should be well acquainted with the system they attempt to improve.

The second class includes a large number of persons, especially in London, who have not yet discovered the advantage of having a banker. They imagine that banks are merely places in which the opulent deposit their superfluous riches. A perusal of the second, seventh, and eighth sections of this work, will be sufficient to show that the advantages of banking are by no means confined to the wealthy.

The third class are those who are practically engaged in banking operations. Those directors of our Joint Stock Banks, who may have been appointed chiefly on account of their high character and local influence, may derive from this work some practical information, which will assist them in the discharge of their official duties. Young men too, who occupy subordinate stations in our banking establishments, may here acquire those enlarged views that will qualify them for higher appointments.

In this edition, I have inserted a section upon Banking Documents, and the Prospectuses of all the Banking Companies, proposed to be established in London. I have also added the Report of the Secret Committee of the House of Commons upon Joint Stock Banks, and a summary of the information contained in the appendix. I have not thought proper to notice the opinions suggested by that report, as the design of this work is not to inculcate any opinions of my own, but to impart such information as will enable my readers to form opinions for themselves.

J. W. G.

38, THROGMORTON STREET,
October 10, 1836.

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WORKS

PUBLISHED BY THE SAME AUTHOR.

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1. The History and Principles of Banking.

Second Edition, price 9*s*.

"A work likely to be extensively useful at this period has just appeared, entitled, "The History and Principles of Banking." By *James William Gilbart*. The author's object has been not to advance any theories of his own, but to make the reader acquainted with the facts and principles of the question, as deduced from the existing practice. In this, his long experience must make him a very competent guide. The numerous claims on our crowded columns prevent our giving a full notice of the work: the recommendation of which may be summed up in his own phrase—that it is a "Grammar of banking."—*Times*, *Feb.* 20, 1834.

"This work may be advantageously consulted for a practical knowledge of banking in all shapes from the bank of England down to loan banks, and the new law to facilitate the purchase of small annuities. It should also be added that a variety of tables are contained in the volume, not mere transcripts from official documents, but intelligible recasts by a man of business. So far as we are able to judge by inspection, they seem to have the rare merit of containing what is wanted, and nothing more."—*Spectator*, *Feb.* 15, 1834.

"It is a valuable statistical work, and a desirable appendix to his "History and Principles of Banking." — *Gentleman's Magazine, July*, 1836.

"It gives a very clever and succinct account of the History of Banking in Ireland."—*Monthly Review, July*, 1836.

"It is a useful book for those who are anxious for practical information, touching the money matters of the sister kingdom; or who wish, by investigating her banking system, to track her slow and late progress in commerce and civilization."—*Spectator, July* 30, 1836.

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SECTION I.

THE NATURE OF BANKING.

ERRATA.

Page	8,	Line 21,	for salary, read " salaries."
—	88,	— 1,	for bank of deposit, read " bank deposit."
—	94,	— 7,	for praise, read " practice."
—	106,	— 9,	omit " three or."
—	110,	— 10,	for F. G. and H. I., read " W. X. and Y. Z."
—	118,	— 18 and 33,	for share, read " shares."
—	123,	— 23,	for three months, read " one month."
—	130,	— 10,	for twenty years, read " twenty-one years."
—	160,	— 11,	for Ninamo, read " Nimmo."
—	—	— 16,	for Gibbons, read " Gibbins."
—	—	— 22,	for Barlington, read " Burlington."
—	—	— 26,	for Everard, read " Overend."
—	171,	No. 10,	for £2, read " £2 per share half-yearly."
—	—	— 21,	for Bromwick, read " Bromwich."
—	—	— 23,	for £3, read " £3 per share."
—	—	— 28,	for Morfield, read " Merfield."
—	172,	— 41,	for 1210, read " £12 : 10."
—	—	— 42,	for 54,000, read " 5400."
—	175,	— 18,	for 1-15-15, read " 1-50-50."

which enacts, that none shall use any art or mystery then used, but such as have served an apprenticeship in the same."*

The term bank is derived from *banco*, the Italian word for bench, as the Lombard Jews in Italy kept *benches* in the market place, where they exchanged money and bills. When a banker failed, his bench was broken by the populace; and from this circumstance we have our term *bank-rupt.*

A banker is a dealer in capital, or more properly a dealer in money. He is an intermediate party between

* Speech, delivered in the House of Commons in 1746.—See the London Magazine for that year, page 120.

SECTION I.

THE NATURE OF BANKING.

"WHAT is it that we call a Banker? There is in this city a company or corporation, called goldsmiths, and most of those called bankers are of that corporation; but so far as I know, there is not a company or corporation in England called bankers, nor has the business any definition or description either by common law or by statute. By custom we call a man a banker who has an open shop, with proper counters, servants, and books, for receiving other people's money, in order to keep it safe, and return it upon demand; and when any man has opened such a shop, we call him a banker, without inquiring whether any man has given him money to keep or no; for this is a trade where no apprenticeship is required, it having never yet been supposed that a man who sets up the trade of banking, could be sued upon the statute of Queen Elizabeth, which enacts, that none shall use any art or mystery then used, but such as have served an apprenticeship in the same."*

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A banker is a dealer in capital, or more properly a dealer in money. He is an intermediate party between

* Speech, delivered in the House of Commons in 1746.—See the London Magazine for that year, page 120.

the borrower and the lender. He borrows of one party, and lends to another; and the difference between the terms at which he borrows and those at which he lends, forms the source of his profit. By this means he draws into active operation those small sums of money which were previously unproductive in the hands of private individuals; and at the same time furnishes accommodation to those who have need of additional capital to carry on their commercial transactions.

Banks have been divided into private and public. A private bank is that in which there are but few partners, and these attend personally to its management. A public bank is that in which there are numerous partners, and they elect from their own body a certain number, who are entrusted with its management. The latter are usually called Joint Stock Banks.

The business of banking consists chiefly in receiving deposits of money, upon which interest may or may not be allowed;—in making advances of money, principally in the way of discounting bills;—and in effecting the transmission of money from one place to another. Private banks in metropolitan cities are usually the agents of the banks in the provinces, and charge a commission on their transactions. In making payments many banks issue their own notes.

The disposeable means of a bank consist of—First,—the capital paid down by the partners or shareholders. Secondly,—the amount of money lodged by their customers. Thirdly,—the amount of notes they are able to keep out in circulation. Fourthly,—the amount of money in the course of transmission, that is, money they have received, and are to re-pay, in some distant place, at a future time.

These disposeable means are employed—First, in discounting bills. Secondly,—in advance of money in the form of cash credits, or over-drawn accounts. —Thirdly,—in the purchase of government, or other securities. Fourthly,—a part is kept in the banker's

till, to meet the current demands. Of these four ways of employing the capital of a bank, three are productive, and one is unproductive. The discounting of bills yields interest—the over-drawn accounts yield interest—the government securities yield interest—the money in the till yields no interest.

The expenses of a bank may be classified thus:—rent, taxes, and repairs of the house in which the business is carried on;—salaries of the officers;—stationer's bill for books, paper, notes, stamps, &c.—incidental expenses, as postages, coals, &c.

The profits of a bank are that portion of its total receipts—including discount, interest, dividends, and commission—which exceeds the amount of the expenses.

SECTION II.

OF THE UTILITY OF BANKING.

In the first place, banks are useful as places of security for the deposit of money. The circumstance which gave rise to the business of banking in this country, was a desire on the part of the merchants of London to obtain a place where they might lodge their money in security. Every one who has had the care of large sums of money, knows the anxiety which attends their custody. A person in this case must either take care of his money himself, or trust it to his servants. If he take care of it himself, he will often be put to inconvenience, and will have to deny himself holidays and comforts, of which a man who is possessed of much money would not like to be deprived.

If he entrust it to others, he must depend upon their honesty and their ability. And although in many important cases a master is compelled to do this, yet he does not feel the same satisfaction as if the money was

actually under his own care. Some instances of neglect or of dishonesty will necessarily occur, and these will occasion suspicion in reference to other parties against whom no suspicion ought to be entertained. Besides, in both these cases the money is lodged under the owner's own roof, and is subject to thieves, to fire, and to other contingencies, against which it is not always easy to guard.

All these evils are obviated by means of banking. The owner of money need neither take the charge of it himself, nor trust to his dependants. He can place it in the hands of his bankers. They are wealthy men, and are responsible to him for the amount. If they are robbed it is no loss to him. They are pledged to restore to him the amount of his deposit when he shall require it. Whenever he wants money he has only to write an order or draft upon his banker, and the person to whom he is indebted takes the draft to the bank, and without any hesitation or delay receives the money.

2. The bankers allow interest for money placed in their hands.

By means of banking the various small sums of money which would have remained unproductive in the hands of individuals, are collected into large amounts in the hands of the bankers, who employ it in granting facilities to trade and commerce. Thus banking increases the productive capital of the nation. At the origin of banking, "the new-fashioned bankers," as they were called, allowed a certain rate of interest for money placed in their hands. The banks of Scotland carry this practice to the greatest extent, as they receive upon interest so low an amount as ten pounds; and also allow interest on the balance of a running account. Many of the country bankers in England allow interest on the balance of a running account, and charge commission on the amount of the money withdrawn. The London bankers do not allow interest on deposit, but neither do they charge commission. All their profits are derived

from the use of their customer's money. The banks of Scotland do not charge commission, although they allow interest on deposits, but then those banks have a profit by the issue of their notes. The London bankers do not issue notes.

3. Another advantage conferred upon society by bankers is, that they make advances to persons who want to borrow money. These advances are made—by discounting bills—upon personal security—upon the joint security of the borrower, and two or three of his friends—and sometimes upon mortgage. Persons engaged in trade and commerce are thus enabled to augment their capital, and consequently their wealth. The increase of money in circulation, stimulates production. When bankers are compelled to withhold their usual accommodation, both the commercial and the agricultural interests are plunged in extreme distress. The great advantage arising to a neighbourhood from the establishment of a bank, is derived mainly from the additional supplies of money advanced in the form of loans, or discounts, to the inhabitants of the place. This principle is so well understood in Scotland, that branch banks are sometimes established in poor districts with a view of obtaining a future profit from the prosperity which the bank will introduce.*

4. Another benefit derived from bankers is, that they transmit money from one part of the country to another.

There is scarcely a person in business who has not occasion sometimes to send money to a distant town. But how is this to be done? He cannot send a messenger with it on purpose—that would be too expensive. He cannot send it by post—that would be too hazardous. Besides, the sum may be some fraction of a pound, and then it cannot go by post. The post too takes a considerable time, as three letters at least must pass on the transaction. If he live in London he

* Evidence before the Select Committee of the House of Commons, p. 43.

may obtain a bank post bill, but he cannot obtain that in the country: and he may not be able to obtain it in London for the exact sum he wants. How then is the money to be sent?

Every country banker opens an account with a London banker. If, then, a person lives at Penzance, and wants to send a sum of money to Aberdeen, he will pay the money into the Penzance bank, and his friend will receive it of the Aberdeen bank. The whole transaction is this: the Penzance bank will direct their agent in London to pay the money to the London agent of the Aberdeen bank, who will be duly advised of the payment. A small commission charged by the Penzance bank, and the postages, constitute all the expenses incurred, and there is not the least risk of loss.

Commercial travellers, who go collecting money, derive great advantage from the banks. Instead of carrying with them throughout the whole of their journey all the money they have received, when perhaps it may be wanted at home, they pay it into a bank, by whom it is remitted with the greatest security, and at little expense; and they are thus delivered from an incumbrance which would have occasioned great care and anxiety.

5. Wherever a bank is established, the public are able to obtain that denomination of currency which is best adapted for carrying on the commercial operations of the place. In a town which has no bank, a person may have occasion to use small notes, and have none but large ones; and at other times he may have need of large notes, and not be able to obtain them. But where a bank is established there can be no difficulty of this kind. The banks issue that description of notes which the receivers may require, and are always ready to exchange them for others of a different denomination. Banks too, usually supply their customers and the neighbourhood with silver; and if on the other hand, silver should be too abundant, the banks will receive it,

either as a deposit, or in exchange for their notes. Hence, where banks are established it is easy to obtain change. This is very convenient to those who have to pay large sums in wages, or who purchase in small amounts the commodities in which they trade.

6. By means of banking there is a great saving of time in making money transactions.

How much longer time does it take to count out a sum of money in pounds, shillings, and pence, than it does to write a draft. And how much less trouble is it to receive a draft in payment of a debt, and then pay it into the banker's than it is to receive a sum of money in currency. What inconveniences would arise from the necessity of weighing sovereigns. What a loss of time from disputes as to the goodness or badness of particular pieces of money.

Besides the loss of time that must necessarily occur on every transaction, we must also reckon the loss which every merchant or tradesman, in an extensive line of business, would certainly sustain in the course of a year from receiving counterfeit or deficient coin, or forged notes. From all this risk he is exempt by keeping a banker. If he receive payment of a debt, it is in the form of a draft upon his customer's banker. He pays it into his own banker's, and no coin or bank notes pass through his hands. If he draws bills, those bills are presented by his banker: and if his banker take bad money it is his own loss.

7. A merchant or tradesman who keeps a banker, saves the trouble and expense of presenting those bills or drafts which he may draw upon his customers, or which he may receive in exchange for his goods. He pays these into the hands of his banker, and has no further trouble. He has now no care about the custody of his bills—no anxiety about their being stolen—no danger of forgetting them until they are over-due, and thus exonerating the indorsers—no trouble of sending to a distance in order to demand payment. He has

nothing more to do than to see the amount entered to his credit in his banker's books. If a bill be not paid it is brought back to him on the day after it falls due, properly noted. The banker's clerk and the notary's clerk are witnesses ready to come forward to prove that the bill has been duly presented, and the notary's ticket attached to the bill assigns the reason why it is not paid. But if any indorser of the bill has given a reference in case of need, that is, if any indorser has written on the back of the bill that some other party will pay it in case the accepter does not, then the notary takes the bill to the referee, and procures the money from him.

This circumstance alone must cause an immense saving of expense to a mercantile house in the course of a year. Let us suppose that a merchant has only two bills due each day. These bills may be payable in distant parts of the town, so that it may take a clerk half a day to present them. And in large mercantile establishments it would take up the whole time of one or two clerks to present the due bills and the drafts. The salary of these clerks are therefore saved by keeping an account at a banker's. Besides the saving of expense, it is also reasonable to suppose that losses upon bills would sometimes occur from mistakes, or oversights—from miscalculation as to the time a bill would become due—from errors in marking it up—from forgetfulness to present it—or from presenting it at the wrong house. In these cases the indorsers and the drawers are exonerated; and if the accepter do not pay the bill the amount is lost. In a banking-house such mistakes are not so likely to occur, though they do occur sometimes; but the loss falls upon the banker, and not upon his customer.

8. Another advantage from keeping a banker in London, is, that by this means you have a continual referee as to your respectability. If a mercantile house in the country write to their agent, to ascertain the respectability of a firm in London, the first inquiry is, who is their banker? And when this is ascertained,

the banker is applied to through the proper channel, and he gives his testimony as to the respectability of his customer. When a trader gives his bill, it circulates through the hands of many individuals to whom he is personally unknown; but if the bill is made payable at a banking-house, it bears on its face a reference to a party to whom the accepter is known, and who must have some knowledge of his character as a tradesman. This may be an immense advantage to a man in business, as a means of increasing his credit; and credit, Dr. Franklin says, is money.

9. The keeping an account at a banking-house, enables a trader not only to give a constant reference as to his own respectability, but it also enables him to ascertain the respectability of other persons who keep bankers. There are numerous cases in which a trader may wish to know this. A stranger may bring him a bill, and want goods in exchange: or he may have drawn a bill upon a customer, and wishes to ascertain if this bill would be paid before he gave him any further credit. If this bill is not made payable at a banking-house, he can obtain no information. But suppose the bill is made payable at a banking-house; even then he can obtain no information, unless he himself has a banker. If he take the bill to the banker's, at whose house it is made payable, and say, 'Gentlemen, I will thank you to inform me if the accepter of this bill be a respectable man—may I safely give goods or money in exchange for it?' They will reply, 'Sir, we never answer such questions to strangers.' But if the holder of this bill keeps an account at a banker's, he has only to ask his banker to make the inquiry for him, and he will easily obtain the most ample information. Among nearly all the bankers in London, the practice is established of giving information to each other as to the respectability of their customers. For as the bankers themselves are the greatest discounters of bills, it is their interest to follow this practice; and indeed the

interest of their customers also, of those at least who are respectable.

10. By means of banking people are able to preserve an authentic record of their annual expenditure. If a person pays into his banker all the money he receives in the course of a year, and makes all his payments by cheques—then by looking over his bank book at the end of the year he will readily see the total amount of his receipts, and the various items of his expenditure. This is very useful to persons who have not habits of business, and who may therefore be in danger of living beyond their means. It is useless to advise such persons to keep an account of their expenses—they will do no such thing—but when short of money at Christmas to pay their tradesmen's bills, they may take the trouble of looking over their bank book, and noticing how many cheques were drawn for the purchase of unnecessary articles. A bank account is useful also in case of disputed payments. People do not always take receipts for money they pay to their tradesmen, and when they do the receipts may become lost or mislaid. In case of death or of omission to enter the amount in the creditor's books, the money may be demanded again. Should the payment have been made in bank notes or sovereigns, the payer can offer no legal proof of having settled the account; but if the account was discharged by a cheque on a banker, the cheque can be produced, and the payment proved by the officers of the bank who can be subpœned for that purpose.

11. Another advantage resulting from keeping a banker in London, is, that the party has a secure place of deposits for any deeds, papers, or other property that may require peculiar care. Any customer who pleases may have a tin box, which he may leave with his banker in the evening, and call for it in the morning. In this box he might place his will, the lease of his house, policies of insurance, or any other documents he wished to preserve against fire. Stock-brokers and

others who have offices in the city, and live out of town, have such boxes which they leave over-night with their banker for the sake of security, in preference to leaving them in their own office. If a party were going to the country he might send his plate or jewellery to his bankers, who will lock it up in their strong room, and thus it will be preserved from fire and thieves until his return. Solicitors and others who have deeds or other writings of importance left in their custody can send them to the bank during the night, and thus avoid the danger of fire.

12. By keeping a banker people have a ready channel of obtaining much information that will be useful to them in the way of their business. They will know the way in which bankers keep their accounts; they will learn many of the laws and customs relative to bills of exchange. By asking the banker, or any of the clerks, they may know which is the readiest way of remitting any money they have to send to any part of the country or to the continent. If they have to buy or sell any stock in the public funds, the banker can give them the name of a respectable broker who can manage the business; or should they be about to travel, and wish to know the best way of receiving money abroad; or be appointed executors to a will, and have to settle some money matters,—the banker will in these, and many other cases, be able to give them the necessary information.

13. Banking also exercises a powerful influence upon the morals of society. It tends to produce honesty and punctuality in pecuniary engagements. Bankers for their own interest always have a regard to the moral character of the party with whom they deal; they inquire whether he be honest or trickey, industrious or idle, prudent or speculative, thrifty or prodigal, and they will more readily make advances to a man of moderate property and good morals, than to a man of large property but of inferior reputation. Thus the

establishment of a bank in any place immediately advances the pecuniary value of a good moral character. There are numerous instances of persons having arisen from obscurity to wealth only by means of their moral character, and the confidence which that character produced in the mind of their banker. It is not merely by way of loan or discount that a banker serves such a person. He also speaks well of him to those persons who may make inquiries respecting him: and the banker's good opinion will be the means of procuring him a higher degree of credit with the parties with whom he trades. These effects are easily perceivable in country towns; and even in London if a house be known to have engaged in gambling or smuggling transactions, or in any other way to have acted discreditably, their bills will be taken by the bankers less readily than those of an honourable house of inferior property.

It is thus that bankers perform the functions of public conservators of the commercial virtues. From motives of private interest they encourage the industrious, the prudent, the punctual, and the honest—while they discountenance the spend-thrift and the gambler, the liar and the knave. They hold out inducements to uprightness, which are not disregarded by even the most abandoned. There is many a man who would be deterred from dishonesty by the frown of a banker, though he might care but little for the admonitions of a bishop.

SECTION III.

BANKING BOOK-KEEPING.

Every person on opening an account with a London banking-house, enters his name in a book called the Signature-Book, and this book is referred to whenever

a draft is presented having a doubtful signature. The person is supplied free of cost with a book of printed drafts and a cash-book, called in some houses a Pass-Book, in which is entered an account of his debts and credits, as often as he thinks proper to leave it for that purpose.

London bankers do not usually give receipts for money paid into their hands, but they enter the amount into the customer's book. A person paying money on account of a country bank, will sometimes require a receipt, and he is then given what is called a shop-receipt, in the following form :—

London, May 1, 1827.
Received of [*the country bank*] the sum of *one thousand pounds.*
To account for on demand.
For Hope, Rich, and Co.
£1000. *A Cashier.*

The name of the party paying the money is not inserted in the receipt, as that would require a stamp.

The payment of a draft, or a bill, is always made either in Bank of England notes, or sovereigns, as the party receiving it may desire. The London bankers never re-issue any country notes or bills of exchange, that may come into their hands. When a cheque is paid it is cancelled by drawing the pen four times in different directions, across the name of the drawer. In Scotland a paid note or cheque is said to be "*retired.*" It is retired or withdrawn from circulation.

Before explaining the banking system of book-keeping, I will define a few terms which are often used in connection with the subject. By the word *bill*, is always meant a bill of exchange not yet due. The word *cash*, denotes the various items included in a credit or cash entry, and may denote *due* bills, cheques, bank notes, country notes, or coin. The terms *cheque* and *draft* are used synonymously, and denote an order on a banker, payable on demand. The word draft is

never used in London to denote a bill of exchange, though this use of the term is very common in the country. Both bills and drafts are often called *articles*, and if they are cash, they are styled *cash articles*. An *addressed bill* is a bill made payable at a banking-house. A discounted bill is usually called a *discount*. By *money* is always meant coin. To *post* an article, is to *place* or *enter* it in the ledger. One book is said to *mark against* another when the same entry is made in both books. One book is *checked by* another, when any error in one book would be detected by some operation in another. To *check* a book, or an account, is to examine it, and prove it correct, or make it so. To *cast*, or *cast up*, means to add together. The *balance* of an account is the difference between the credit and the debit side. An account is said to *balance* when the credit and the debit side are of the same amount. To *balance* an account is to enter the balance, and to add up both sides, and then to bring down the balance as a new amount. The *credit* side of an account, or that on which the cash received is placed to the credit of a customer, is the right-hand side as you face the ledger; the *debit* side is the left-hand side. In London, the establishments of bankers are usually called *banking-houses*, not banks. A person who has an account at a banking-house, is said to *keep a banker*.

I shall now describe the various books in the order of the different departments to which they belong.

I.—THE CASH DEPARTMENT.

The principal books in this department are the following:—

1. Two Waste-Books.—One is called the Received-Waste-Book, and the other the Paid-Waste-Book. In the former is entered an account of all the cash *received*, and in the latter is entered an account of all the cheques and bills *paid*. The Received-Waste-Book is ruled

with a double cash column on the right-hand side of the page. In making an entry into this book, you will proceed as follows:—First, enter the name of the party who lodges the money; then enter in the first cash column the particulars of which the credit consists, specifying each particular in the space at the left-hand. In receiving Bank of England notes, the number and date of each note must be mentioned; but if the notes are numerous, make them up in a parcel, and write on the outside, the total amount, and the name of the party of whom they were received. Call this parcel "Sundries" in your entry. These parcels of sundries will be marked, and sent to the Bank of England for other notes on the following day. Cheques on your own bank are to be entered by the name of the drawer and the amount. Country notes are to be entered by the name of the London banker at whose house they are made payable. These are distinguished from cheques upon bankers, by stating short the number and denomination of the notes—thus $\frac{1}{10}$ $\frac{2}{5}$. All gold and silver are to be called money. After entering all the particulars of a credit, add them together, and carry out the amount into the farther cash column. At the close of the day add up this outer column, and see that the total agrees with the amount in the Day-Book.

If a customer brings his book with him, when he lodges cash, the Cashier enters the credit, and returns the book to him, unless it be left at the bank for the purpose of having the debit side also written up.

In receiving money for a Deposit Receipt, the entry is made in the same way as when the money is placed to a current account; but the words Deposit Receipt, or the letters D. R. are written against the name of the depositor.

In the Paid-Waste-Book is entered an account of all the bills and cheques paid by the Bank. This book is ruled on each page with a cash column on the right hand, and another on the left hand, leaving a space

between. When a cheque is paid, the amount is placed in the left hand cash column—then the name of the drawer in the open space—and in the right hand cash column are entered the particulars of the payment. Bank of England notes are entered by their number. It is not necessary to enter the date, as that can be found if necessary either in the Cash Book of the preceding evening, or in the Received-Waste-Book, or the Lists of the same day. When a Deposit Receipt is paid, the same order is observed, but the letters D. R. are added. All gold, silver, and copper, are called money. At the close of the day, all the payments are added together, and should agree with the amount in the Day Book.

Each Cashier has a Received-Waste-Book, a Paid-Waste-Book, and a Money-Book.

2. Money-Book.—This is a small book ruled with a cash column on the right hand side of each page, and it contains an account of all the *coin*, that is, the gold, silver, and copper in the bank. Each Cashier will enter in his own Money-book the money he receives and pays in the course of the day. On the left hand page of the book he will copy from his Paid-Waste-Book the various sums of money he has paid, and on the right hand page he will copy from his Received-Waste-Book the various sums of money he has received. In each case he will enter against the respective sums the totals in which they are included. Thus, if in paying a cheque of £175 2s. 6*d.* he pay £5 - 2 - 6. money, he will enter it thus—"£175 2. 6. £5 - 2 - 6." The money is counted up at night, and must agree with the balance of the Money-Book; and this balance is then entered in the Cash-Book.

3. Cash-Book.—In this book is entered every night a specification of all the cash in the bank. The items will consist chiefly of Bank of England notes, parcels of sundries, country notes, cheques on other banks, and the balance of the money. The Bank of England

notes are entered by their number, date, and amount. The parcels of Bank of England notes, called sundries, are entered by the word "Sundries," then the name of the parties of whom they were received, and the amounts; country notes by the name of the Country Bank, and the London agent at whose house they are made payable; cheques on other banks by the name of the drawer of the cheque—the name of the banker, and the amount. In this book generally the cash articles are more fully described than in the Received-Waste-Book. In some banking-houses the Cash-book is called the Stock-Book, and in others the Make-up-Book.

4. Day-Book.—This book is ruled with a double cash column at the right-hand side of each page. The Accountant enters in the Day-Book an account of all money paid and received during the day, placing each transaction under the class of operations or accounts to which it belongs. On the left hand page of the book he enters the money which is paid, and on the right hand side the money which is received. He commences by writing the day of the week and of the month: then on the left hand side he writes a heading, "Current-Accounts." Under this head he enters all the cheques paid, copying from the cheques the name of the drawer, and the amount, which is placed in the first cash column. The sum of all the cheques are brought forward into the second cash column. The second heading is "Deposit-Receipts;" under which head the individual receipts paid are entered, mentioning the number, the name of the depositor, and the sum; and bringing out the total amount as before into the second cash column.

The Accountant may if he please make these headings in the morning, leaving such a space for the transactions under each head, as his experience may shew him to be necessary. Thus he may keep up his Day-Book throughout the day, and merely have to add it up and balance it when the bank closes. The other

headings may be "Bills discounted this day," "Interest paid on Deposit Receipts," "Bank Premises," "Incidental Expenses," "Branch Accounts," &c.&c. answering to the accounts in the General-Ledger.

On the right hand page, or credit side of the Day-Book, the money received is entered under corresponding headings, as "CURRENT ACCOUNTS," "DEPOSIT RECEIPTS," "BILLS DISCOUNTED PAID THIS DAY," &c. &c. The entries under the heads of Current Accounts and Deposit Receipts, are copied from the Received-Waste-Books: the entry expresses only the name and the amount.

After all the entries have been made, add up the debit and the credit sides. To the credit side add the amount of the Cash-Book on the preceding evening; to the debit side add the amount of the Cash-Book on the same evening; and if the totals agree, the "Bank is right," that is, the transactions of the day have been correctly entered; but if not, then the bank is wrong, and the error must be discovered by "marking off" the various books.

In large establishments the Day-Book is divided into two books; the debit side forming one book, and the credit side the other book. One is called the "Paid-Day-Book," and the other the "Received-Day-Book." The advantage of this division is, that two persons can be employed at the Day-Book at the same time. In some banks the Day-Book has three cash columns, the third being used for transfer entries. These are entries in which no cash is actually paid or received by the bank; but an amount is transferred from one account to another. In other banks all the transfers are passed through the Received-Waste-Book. By some London houses the Day-Book is called the Cash-Book, and its two divisions are called the "RECEIVED-CASH-BOOK" and the PAID-CASH-BOOK."

5. CURRENT-ACCOUNT-LEDGER. — In this book every customer has a separate account. The sums

received to his credit are posted from the credit side of the Day-book, and the Ledger folio is placed in the Day-book in a column ruled for that purpose. The debit side is posted from the cheques themselves, and the Ledger folio placed in the debit side of the Day-Book on the following morning, when the Day-Book is marked against the Ledger. The entry of a cheque in the Ledger includes the date of payment—the name of the party to whom it is payable, and the amount. The entry of a credit includes the date, the word "Cash," and the amount. When the Cash is paid into the bank by a third party, it is usual to enter it in the Ledger as "Cash per A. B." When a credit arises from a bill lodged for collection having become due, the *name of the accepter* is substituted for the word cash.

Some banks follow what is called the *progressive* plan of keeping the Ledger. By this plan the balance is brought out every day, and thus we see the *progress* of the account. In the ordinary way each page of the Ledger is divided into the debit and the credit side, and each side has ruled columns for the date, the transaction, and the amount. But in the progressive Ledger there is only one column for the date of both the credits and the debits—one space for a description of the transaction, whether credit or debit—and then three cash columns. The first column is the debit column—the second is the credit column—and the third is the column into which the daily balance is brought out. The advantage of this plan is, that you can see at once what sum a party has on his account without the delay of adding up the debit and the credit columns. Most banks that allow interest on the balance of the current accounts, keep their Ledger on the progressive plan; and besides the columns I have mentioned, there are on the right side of the balance column a space for inserting the number of days the balance may remain stationary, and two interest columns; one for the interest of a credit balance, and the other for the interest of a

balance overdrawn. Most banks divide the Current-Account-Ledger into two or more parts, and the names of the depositors are placed in alphabetical order from the beginning of the first ledger to the end of the last.

6. Deposit-Receipt-Book.—Deposit Receipts are receipts granted for sums of money that are likely to remain a considerable time, and upon which interest is allowed. These receipts are distinguished from Current Accounts. Cheques cannot be drawn against any sum lodged as a Deposit Receipt; but when the amount, or any part thereof is withdrawn, the receipt itself must be produced at the bank, and delivered up. The Deposit-Receipt-Book is not kept *Ledger-wise;* that is, each person has not a separate account opened for him in a distinct part of the book, but the receipts are entered chronologically according to the date of the lodgment. The entry includes date of lodgment, name of depositor, profession, residence, amount, interest paid, principal and interest. The last two particulars are of course not entered until the receipt is cancelled. If a party is desirous of withdrawing only a part of the lodgment, the whole receipt is entered as paid, and a new receipt made out for the sum which remains.

II. THE BILL DEPARTMENT.

Bills are divided into two classes, bills deposited, and bills discounted. Bills deposited are bills lodged in the bank for collection, to be placed when due to the credit of the depositors. Bills discounted are those for which the money has been advanced, and which are therefore the property of the bank. These two classes of bills are entered in separate sets of books; but as the books are kept in nearly the same manner, I shall describe them together.

1. Bill-Register. } These books are kept
Discount-Register. } as the word Register seems to imply, chronologically; the bills being entered immediately after each other in the order in which they

come into the bank. The entry includes date when deposited or discounted, name of ingiver, drawer, accepter, date, term, when due, amount, daily amount. The bills are numbered, and the Register number placed upon each bill. The daily amount of the Discount Register is entered in the debit side of the Day-Book under the head, "Bills discounted this day." I advise that the headings of the columns of this and of all the other books be printed. This saves time and prevents mistakes.

2. Bill-Ledger. } In these books a sepa-
Discount-Ledger. } rate account is opened for each party; and the same bills which have previously been entered in the Registers are entered in these Ledgers; but the entry is much shorter. A full description of a bill is given in the Register only, and the register number is placed as a reference in every book in which the bill may subsequently be entered. The entry in the Bill or Discount-Ledger includes date when deposited or discounted, name of accepter, when due, and amount. In some banks, the Discount-Ledger is kept upon the progressive plan, which is very useful, as it shows at once what amount any party may be under discount. In addition to this, some banks place in the Discount-Ledger an account of all bills they may have discounted, to which the party is an accepter. These bills are distinguished from those which have been discounted for the party himself, by being placed on the left hand side of the page. This account is also kept on the progressive plan. A Discount-Ledger kept in this way, will have three cash columns ruled on each side of the page: the three on the left hand will be headed, "Where accepter;" and the three on the right hand will be headed, "Where last indorser." Between the two sets of columns will be entered—date when discounted, register number—name of accepter or drawer—when due. The advantage of this plan is, that on turning

to any party's account, you see at once the whole of his engagements to the bank, whether arising from bills that have been discounted for himself, or bills to which he is only the accepter.

3. Bill-Journal. } In these Journals the
Discount-Journal. } bills are entered under the respective days on which they fall due. For this purpose the day of the week and of the month is placed at the top of each page. This book may be made to last exactly a year, by having headings for every day, from the 1st January to the 31st December, omitting Sundays. The entry includes the register number—name of depositor, or for whom it was discounted—accepter—and amount. The Discount-Journal has three cash columns; one for the amount of each bill, another for the bills paid, and another for those unpaid. The entry is made in the first column on the day the bill is discounted; and in the other two on the day the bills fall due. The total amount of bills paid each day is copied from the Journal into the Received side of the Day-Book. Those unpaid are entered in the transfer column of the Day-Book, and in the Past-Due-Bill-Book. The Bill Journal need only have one cash column, as most banks find it more convenient to credit their customers' accounts with all the bills on the day they fall due, and debit them on the following day for those that remain unpaid. Those banks, however, that prefer it, may have separate columns in the Bill-Journal for the paid and the unpaid bills; and in that case the unpaid bills are returned on the following day to the depositor, without being passed through his cash account. This is sometimes called, being "entered short." Some banks make one book serve the purpose of both a Bill-Journal and a Discount-Journal; one page of the book being used as a Discount-Journal, and the opposite page being used as a Bill-Journal.

4. The Lists.—Each banking-house divides Lon-

don into a certain number of districts, according to the extent of its business. Each district is called a Walk, and usually takes its name from the direction in which it lies; as the East Walk, the West Walk, and so on. To each walk is assigned a book, in which is entered every day a *list* of the bills due in the walk; and hence the book is called a List. Each List takes its name from the walk to which it belongs, as the East List, the West List, &c. The page is divided into four columns; the first and third of which are cash columns. In the first column is entered the amount of the bill—in the second the name of the accepter and the Register number. This is done the day before the bills are due. After the teller has returned from presenting these bills for payment in his walk, he "answers" each bill; that is, he places against it an account of the cash he has received for it, whether cheques, bank notes, or money. The amount is entered in the third column; and in the fourth the description of each kind of cash. If the bill be not paid, he writes L. D. for "left direction," and then enters the bill in the "Unpaid List."

In the Unpaid-List are entered all the bills not paid when presented for payment. In the course of that day or the following these bills are "answered" either by being paid, or by being passed to the debit of a customer's account, or by being transferred to the Past-Due-Bill-Book. In some banks the Unpaid-List is called the "Take-up-Book."

Cheques upon other banks are entered in the Lists in the same way as bills, unless the bank sends a clerk to the clearing house, and then they are entered in the "Clearing-out-Book."

From this description it will be seen that when a sum is received to the credit of a current account, it is entered in the Received-Waste-Book, copied from thence into the Day-Book, and from thence into the Current-Account-Ledger. When a cheque is paid to the debit

of a current account it is entered from the cheque itself into the Paid-Waste-Book, the Day-Book, and the Current-Account-Ledger.

When a sum is received for a deposit receipt, the sum is entered before the receipt is granted in the Deposit-Receipt-Book — and afterwards in the Receipt-Waste-Book and Day-Book. When a deposit receipt is paid, it must be discharged in the Deposit-Receipt-Book, then entered in the Paid-Waste-Book, and afterwards in the Day-Book.

When a bill is discounted, the discount is calculated by the Accountant, who at the same time observes if it is drawn on a proper stamp, and is in every respect a regular and negotiable instrument. If the party for whom it is discounted have a current account, the full amount of the bill is placed to his credit, and he is debited for the interest. If he have no account he is paid the amount minus the discount, and the entry is made in the Paid-Waste-Book. The bills discounted each day are entered individually in the Discount-Register, and the total amount copied into the Day-Book. The bills are also entered individually in the respective accounts in the Discount-Ledger, and under the days they fall due in the Discount-Journal. When these bills are due, the amount paid each day is entered in the Day-Book in the cash column, and the amount unpaid is transferred to the Past-Due-Bill account, and is entered in the Day-Book in the transfer column.

When a bill is deposited, it is entered in the Bill-Register, the Bill-Ledger, and the Journal. When due it is placed to the credit of the party by whom it was lodged, and is copied from the Journal into the Day-Book, thence into the Current-Account-Ledger. If unpaid, the account is debited on the following day, and the bill is returned to the depositor.

At the commencement of each day all the entries made the preceding day in the Day-Book, are marked

against the respective books by the Accountant, or under his superintendence. He also marks the Cash-Book, and checks the adding up. The Customer's Books are then compared with the Current-Account-Ledger. The debit side of these books is usually written up the preceding evening from the vouchers by the tellers, or out-door clerks. The Accountant writes up the credit side, and sees that both sides agree with the Current-Account-Ledger.

III. THE COUNTRY DEPARTMENT.

In this department is managed the business of the country banks, and of those customers who live in the country. When the letters are delivered in the morning by the postman, one clerk takes them and enters in the Waste-book the *cash* enclosed in the letter to the credit of the respective parties. Another clerk takes the letters and enters the *bills* in the Country-Bill-Register, the Bill-Ledger, and the Bill-Journal. The letters are then handed to a third clerk, who copies off into a book all the *payments*, which are to be made immediately in cash. This book is usually called the Draft-Book, as the party receiving the money signs a draft for the amount, which is as good as signing a receipt. If the payment is to be made to a banker, he receives notice in a printed form, called a memorandum; but if the payment is ordered to be made to a private individual, he must call for it, and claim the exact amount. The following is the form sent to a banking-house. The right-hand side is filled up by the house to whom it is sent, and the memorandum is paid through the clearing.

London, December 1, 1834.	*London, December* 1, 1834.
Messrs. *Steady and Co.*	Messrs. Hope, Rich, and Co.
Receive of [*the country bk.*]	Pay *E. F. Esq.* or bearer, the sum
per Messrs. *Hope, Rich & Co.*	of *one hundred pounds*, on account of
the sum of £100	[*the country bank.*]
on account of [*E. F. Esq.*]	*For Messrs. Steady and Co.*
	£100 *A Clerk.*

A fourth clerk now takes the letters, and enters all the *advices* (that is, bills *advised* to be paid when due) in the Advice-Book and in the Advice-Journal. The corresponding clerk who answers the letters usually manages the stock department. Hence he observes the orders to purchase or sell stock, to procure powers of attorney, and other business of that kind. When writing a reply to the letters received, he notices if all the items in the letters are marked by the proper clerks. If any thing is wrong he is informed of it. Bankers' letters are usually short and plain, comprising only two or three lines. The following example includes all the ordinary topics.

Messrs. HOPE, RICH, and Co. *Bankers, London.*

Country Town, May 1, 1827.

GENTLEMEN,

Enclosed we remit you sixteen bills, value £1750, and cash £250, making together £2000 to our credit; and we subjoin a list of payments, and advices to be made to our debit. We will thank you to purchase £10,000 new fours in the name of James Wealthy, gentleman, of Stately House, near Prince Town; and forward us a power of attorney for sale, and dividends of £200 consols, now standing in the name of Susan Thrifty, spinster, of this place. Please inform us of the respectability of Messrs. John Careful and Co. of Southwark—they bank at Messrs. Steady and Co. Lombard Street. The bill you sent us to present here for payment has been paid, and we credit you £50, the amount. We herewith send you the signature of our relative, Mr. John Keen, who is going to London, and whose drafts to the extent of £3000, we wish you to honor to our debit. On Mr. Keen's return, which will be in about a week or ten days, he will bring with him our paid notes.

We are, Gentlemen,
Your obedient Servants,
KEEN, BUSY, and Co.

(REPLY.)

Messrs. KEEN, BUSY, and Co. *Bankers, Country Town.*

London, May 1, 1827.

GENTLEMEN,

We have received your favor of yesterday's date, enclosing sundries, value £2000, which we have passed to your credit, and note

your lists of payments and advices. We also credit you £1476 16s. 6d. per Messrs. Good and Co. on account of John Green. We have enquired of Messrs. Steady and Co. as to the respectability of Messrs. John Careful and Co. and are informed they are highly respectable. We now enclose a stock receipt for Mr. James Wealthy's £10,000 new fours, £10,012 : 10s. to your debit, and also Susan Thrifty's power of attorney, for which we debit you £1 : 1s. : 6d. also a dishonoured bill on Badluck, noted £100 : 1s. : 6d. to your debit : and your weekly cash account and monthly account current, which we trust will be found correct. We debit you £50 for the bill you had the goodness to present for us; and we now enclose another on White, £120, which we will thank you to get accepted and return. We have opened a credit in favour of Mr. John Keen, for £3000, and will forward your paid notes by him as requested.

We are, Gentlemen,

Your obedient Servants,

HOPE, RICH, and Co.

Those London bankers that act as agents to banks, or to other parties in the country, will have occasion for the following books. The first seven are kept in the same manner as the corresponding books in the Town Department. All the entries in the Country-Ledger, as well as those in the Town-Ledger, must first pass through the Waste and Day-Books. The *credit* side of the Ledger is posted from the Bill-Journal and the Day-Book. The *debit* side is posted from the vouchers themselves, and like the debit side of the Town-Ledger will mark against the Paid-Day-Book and the " Clearing-in-Book."

1. A Country-Ledger.
2. Country-Bill-Register.
3. Country-Discount-Register.
4. Country-Bill-Ledger.
5. Country-Discount-Ledger.
6. Country-Bill-Journal.
7. Country-Discount-Journal.
8. Advice-Book.—In this book are entered an account of bills *advised* to be paid on account of the Country Banks. This book is kept ledger-wise, each bank having a separate account.

9. Advice-Journal.—This book is similar to the Bill-Journal, and it contains the *advices* under the heading of the days on which they are to be paid.

10. Credit-book.—This book contains an account of the credit granted by a Country bank in favour of any party. Each party has an account open for him in this book, and the amount of his credit is placed to this account. He is debited for such cheques as he may draw, and the cheques are then passed to the debit of the Country bank in the Country-Ledger.

11. Acceptance-book. In this book are entered those bills which have been received from the country, and which require the acceptance of the party on whom they are drawn. The entry includes the date when taken out, the name and residence of the drawee, the register-number, and the amount: there are also two vacant columns, in one of which the clerk who takes the bill for acceptance enters his initials when he brings it back; in the second column are entered the initials of another clerk to whom the bills when "brought in from acceptance" are delivered. Though this book is connected with the country department it is usually kept in the town office.

12. Stock-Book.—London Bankers have usually powers of attorney from their correspondents in the country authorising them to receive dividends on the government funds. All these are entered in a book called the Stock-Book. The book is divided into several parts for the different kinds of stock, as 3 per cent. consols, 3 per cent. reduced, &c. &c. In each division are entered the powers of attorney held by the bank. The entry includes date of the powers, names of the attorneys, names of the holders of the stock, and the amount. These entries should be made a tolerable distance apart from each other to leave room to notice any alteration that may take place in the amount of the stock either by sales or new purchases.

Every Country Bank keeps an account with a London

bank. The Country Banker receives for London a weekly statement of his cash accounts, and a monthly account current. The cash account is a copy of the London banker's ledger. But as the London banker does not consider as cash any thing which may not be immediately turned into Bank of England notes, the cash account does not exhibit a statement of the *undue* bills which the Country banker may have remitted, nor of the bills which he may have advised to be paid. By means of a monthly account current he has a full view of all these transactions. On the credit side of the account current is entered the total amount of each remittance, whether it consists of bills or cash. These are followed by entries of "extra" sums of cash that have been lodged to the credit of the Country bank by parties resident in London. On the debit side of the account current is placed the total amount of the "advices," that is, of bills advised to be paid, and also any "extra" payments of "drafts" to persons in London. Then the account is balanced, and we have an easy check by which any error that may have crept into either the cash account or the account current is detected. For if both accounts be correct, the amount of advices not yet due, added to the balance of the account current, will be equal to the amount of bills not due, added to the balance of the cash account.

IV.—THE NOTE DEPARTMENT.

Those banks that issue notes will have occasion for

A Note-Register.—In which the denomination, number, and date of the notes, will be entered when prepared for circulation. The total amount of notes as soon as they are received from the stamp office, or at least as soon as they are signed by the banker or manager are entered to the credit of "note account," and are afterwards taken down daily as part of the "cash" in the possession of the bank. If the notes on hand be deducted from the balance of the note account, the

remainder will show the amount of notes in circulation. Another way is to open an account for "Notes in Circulation," and to credit this account for the notes on hand every morning, and debit it for the notes on hand every night: the balance will show the amount of notes in circulation. There should also be a book for the "Register of Cancelled Notes" in order to keep an account of those notes which having become unfit for further use have been cancelled and destroyed. The notes when cancelled are placed to the debit of the "Note Account."

V. THE BRANCH DEPARTMENT.

In those banks that have branches, the head-office keeps an account with each Branch in the same way as a London banker keeps an account with a Country bank. There is usually an additional "Bill-Register" for the bills payable at branches. Each branch has also two Bill-Registers for the bills payable at head-office, and the bills payable at branches, and frequently another for the bills sent for collection to agents, where the branch does not remit all its bills to the head office, but direct to agents in other places in order to be collected. Every Country banker has also similar Bill-Registers for "Bills payable in London," "Bills payable at Bristol, Manchester, &c." as the case may be, and of course corresponding accounts must be opened in the General-Ledger.

There must also be a book for entering "Branch Notes paid." These notes may either be placed as the debit of the branch on the day they are paid, or they may be carried daily or weekly to the debit of an account to be called, "Branch Note Account," and may be placed to the debit of the branch on the day they are sent home.

VI. THE GENERAL-LEDGER.

Into this Ledger under the various accounts will be entered the totals of the corresponding headings or accounts specified in the Day-Book. The accounts in this Ledger denote the various classes of operations, and the balances show at all times the exact state of the bank. Every Saturday night the totals and balances of these accounts should be taken off on a balance-sheet. When all the debits are added together, and all the credits are added together, the two sides will agree, that is, they will be of the same amount. These balance-sheets may be printed and bound together in a book, to be called "the General-Balance-Book." I cannot better explain the General-Ledger, than by giving the form of the weekly balance-sheet, with the names of those accounts which most banks have occasion to introduce. I have distributed these accounts into five classes:—1. Lodgments. 2. Investments. 3. Expenditure. 4. Cash Account with Branches; and 5. Proprietor's accounts. Each bank however will open such accounts as are adapted to its transactions. Whatever books the business may render necessary, will require to have corresponding accounts. The General-Ledger contains the summaries of all the other books. Thus the account, called "Current-Accounts," contains the summary of the Current-Account-Ledger. The account called "Deposit-Receipts," is a summary of the Deposit-Receipt-Book. The account called "Bills discounted," is a summary of the Discount-Register and the Discount-Journal. In this way every book in the office has a corresponding summary in the General-Ledger. Hence, this book is a check upon all the other books; and by means of these summaries, the partners or directors of a bank can see at once the actual state of their affairs, and can trace the progress or decline of different branches of their business.

WEEKLY BALANCE SHEET.

Amounts and Balances of the GENERAL LEDGER, on Saturday, Nov. 1834.

Amounts.	Dr.	Balances.	Dr.	Titles of Accounts.	Balances.	Cr.	Amounts.	Cr.
				I. *Lodgments.*				
				Current Accounts.				
				Country ditto.				
				Deposit Receipts.				
				Bills Deposited (in London).				
				Ditto (from the Country).				
				Notes in Circulation.				
				Credits on Agents.				
				II. *Investments.*				
				Bills Discounted (in London)				
				Ditto (from the Country.				
				Past-due Bills.				
				Government Stock.				
				Exchequer Bills.				
				Loans.				
				III. *Expenditure.*				
				Bank Premises.				
				Furniture.				
				Rent.				
				Taxes.				
				Salaries.				
				Stationery.				
				Incidentals.				
				IV. *Cash Account with Branches.*				
				Branch A.				
				Branch B.				
				Branch C.				
				V. *Proprietor's Accounts*				
				Paid-up Capital.				
				Preliminary Expenses.				
				Surplus Fund.				
				Profit and Loss.				
				General Account of Cash.				

It will be observed, that the accounts introduced into the above balance-sheet, are such as would be necessary to a London bank that had country agencies and branches, and issued notes. No such bank exists; but I have introduced all these accounts that each bank may take those which are adapted to its transactions. It will also be observed, that I have kept the country business distinct from the town business; so that the comparative extent of each may be immediately perceived. I have introduced cash columns for the AMOUNTS as well as the BALANCES; for although the balances are sufficient to shew the actual state of the bank, yet the amounts are necessary to show the business that has been done since the previous half-yearly balance.

1. The first class of accounts under the head of LODGMENTS, are all credit accounts; that is, the balance is on the credit side.

CURRENT ACCOUNTS are those which are usually kept by the London bankers, and are called by the Bank of England "Drawing-Accounts." DEPOSIT-RECEIPTS are more permanent lodgments upon which the Joint Stock Banks allow interest. The account "BILLS DEPOSITED," not being a cash account, might be omitted without deranging the balance of the General-Ledger. If introduced, its balance must be placed on both sides the balance-sheet, or the totals will not agree. The General-Ledger is no check upon the accuracy of this account. It should therefore be checked periodically by taking off the daily amounts current from the Journal, and comparing the total with the balance of "Bills-deposited in the General-Ledger."

Some banks distribute their bills deposited into several accounts, as "Bills deposited by agents," "Bills deposited by branches," "Bills deposited by private parties," &c. &c. On the debit side of the General-Ledger these "bills deposited" are mixed with the bills discounted in different accounts according to the places where the bills are payable, as "London bills," "Man-

chester bills," "Branch bills," &c. Those deposited bills that are payable in the place where the bank is established, are usually distinguished from the discounted bills; one account being called "Local Bills discounted," and the other "Local Bills deposited."

"NOTES IN CIRCULATION."—When the notes are made payable at any other place beside the place of issue, this account will only shew the "apparent circulation," as the notes that have been paid by the agents or at the other branches of the bank cannot be brought into the account until they have been returned for reissue. I have classed this account under the head of lodgments, because it denotes a portion of the debt due from the bank to the public.

"CREDITS ON AGENTS."—When a bank grants a Bill or Letter of Credit upon their agents, the money received is placed to the credit of this account. When the bill is due, or the credit paid, it is placed to the debit of this account, and to the credit of the agent's cash account. The business of some banks requires a sub-division of their credits, as "Credits on London agents," "Credits on Bristol agents," &c. Some banks have also an account for "credits on branches;" but where all the credits granted are payable on demand, they are usually placed at once to the credit of the cash account of the branch on which they are drawn.

2. INVESTMENTS.—The accounts belonging to this class are all debit accounts; that is, the balance (if any) is always on the debit side.

In the above balance-sheet it is presumed that all the bills are payable in London, as the London bankers do not discount bills payable elsewhere. The division into two accounts is merely to shew the comparatively extent of the town and the country business. The first account includes the bills discounted for parties resident in London, and the second includes the bills discounted for parties resident in the country. Where the bills are payable at different places, they are referred, as I have

already intimated, to different accounts, as "London Bills," "Bristol Bills," "Manchester Bills," &c. It is not usual in these cases to distinguish between the bills discounted and the bills deposited, but to place them together on the same account; for instance, the account "London Bills" would include all bills payable in London, whether discounted or deposited. If thought proper, however, they may be easily divided into separate accounts, as "London Bills Discounted," and "London Bills Deposited."

Past-due-Bills.—When a discounted bill is not paid, it is transferred to the debit of this account. "Bills deposited" never pass into this account, but if unpaid, are returned to the parties by whom they were deposited.

When the bank purchases "Government Stock," "Exchequer Bills," "India Bonds," &c. the purchase money is passed to the debit of an account raised for the purpose. Upon re-sale the account is credited for the money received, and the difference between the money invested and the money received is passed at the end of the year to the debit, or the credit of profit and loss account.

"Loans."—This account is debited for the amount of any loan granted to a customer, or to any other party on security. When a customer wants a temporary advance, the usual way is not to let him overdraw his account, but to place to his credit the sum he may require, and debit the loan account. The interest is charged upon the full amount of the loan. When the loan is repaid, this account is credited.

3. "Expenditure." — The accounts under the head require little explanation. "Bank Premises" is debited for the expense of altering, painting, &c., the buildings and offices connected with the bank. The other accounts are debited for the different classes of expenditure as they occur. At the end of the year

these accounts are credited, and the several amounts are placed to the debit of profit and loss account.

4. Cash Account with Branches."—The title of this class of accounts is sufficiently explanatory. I will only observe, that in some banks each branch keeps a distinct cash account with every other branch, and with the several agents of the bank with whom it may have transactions. But in other banks each branch passes all its transactions through its cash account, with the head office. It debits the head office for whatever it may remit to either a branch or an agent, and it credits the head office for whatever sums it may receive from a branch or an agent.

5. Proprietor's Accounts. — This class of accounts refers to the internal operations of the bank.

Paid-up Capital.—If the capital has been paid up at different times, this account may be divided into —"First Instalment," "Second Instalment," "Third Instalment," &c.

"Preliminary Expenses."—Several Joint Stock Banks have passed to an account of this sort the expense of forming the company; and these expenses are discharged out of the profits by equal portions in the course of five or ten years. This is considered a more equitable mode than to pay these expenses out of the profits of the first two or three years.

"Surplus Fund."—When the whole of the annual profits are not divided among the partners or proprietors, the surplus is transferred to an account, called "Surplus Fund," where it remains for the purpose of being applied to meet any losses or contingencies that may occur in after years.

"Profit and Loss."—To the credit of this account is placed all interest and commission received; and to the debit is placed all interest paid. These entries are made at the time the transactions occur. At the end of the year this account is credited for all

the profits that have been made during the year upon Government Stock, Exchequer Bills, &c. and is debited with the several items of expenditure. The Profit and Loss account may be subdivided into several accounts, as "Interest received on Bills Discounted"—"Commission Received"—"Interest paid on Deposit Receipts"—"Charge for Agency," &c. &c. When it is not thus divided, a complete abstract of the account should be made out at the end of the year.

"General Account of Cash."—The introduction of this account makes the General-Ledger a perfect check upon the other books. For by this means the total of all the balances of the debit side of the General-Ledger are equal to the total of all the balances of the credit side. To the *debit* of this account is passed every day the total amount of the *credit* side of the Day-Book; and the account is *credited* for the amount of the *debit* side of the Day-Book: consequently, the balance of this account will be always on the debit side, and will be equal to the difference between the sum of all the other debit balances, and the sum of the credit balances; that is, it will shew the amount of cash in the bank. The General-Ledger is always kept on the progressive plan;* so that the balance of any account can be seen upon inspection; and its progress from any past period can be distinctly and readily traced.

VII. PERIODICAL BALANCES.

Daily Balance.—It is well known that bankers try their balance at the close of their business every night, with a view of correcting any errors that may have occurred during the day. The process is very easy. If to the amount of the Cash-Book last night we add the amount of the cash received to-day, and deduct the amount of the cash we have paid, the re-

* See page 23.

mainder will be the amount of the Cash-Book to-night. If on trial we find this is not the case, there must be some error. Suppose for instance the Cash-Book last night amounted to £100,000, and we have received £40,000 and paid £50,000 to-day, then will the Cash-Book to-night amount to £90,000. The trial stands thus,

Cash-Book last Night.	£100,000	Paid-Day Book	£50,000
Received-Day-Book . .	40,000	Cash-Book to-night. .	90,000
	£140,000		£140,000

The daily balance therefore is nothing more than the balance of the Day-Book; and the only books employed are the Day-Book and the Cash-Book: but as these books when finally closed include the amount of several other books, the trial is usually made (for the purpose of avoiding alterations) on a half sheet of paper, called the trial paper, previous to those entries being made, and then the amounts of these several books are stated separately in the following manner.

Dr. BANKING HOUSE. *Cr.*

Amount of Cash-Book last night	Amount of Paid-Day-Book .....
[This is usually called the Rest.]	Do. of Clearing-in Book .....
Do. of Received-Day-Book...	Do. of Balance of the Clearing
Do. of Bill-Journal	Do. of Cash-Book to-night .....
Do. of Discount-Journal.....	Do. of Balance of Money-Book
	Do. of Discount-Register .....

The balance of the clearing* is always to the credit of the house; for if the clearing "takes out," then the bank notes paid away at the Clearing-house are entered in continuation of the clearing out; so that in this case the balance is usually thrown a small sum on the other side. When the clearing is finally closed, the notes forming this balance are entered in continuation of the clearing-in, and subsequently in the Cash-Book.

* For an account of the books in the clearing department, see the section on banking exchanges.

The notes entered in the clearing out, are of course not entered in the Cash-Book.

Weekly Balances.—The daily balance checks the Waste-Books, the Discount-Register, the Journals, the Day-Books, the Lists, and the Money-books. If any errors occur in any of these books throughout the day the balance will be wrong; but the daily balance does not check the Current-Account-Ledger, though this is the most important book of all. The Ledger is therefore "marked off" every morning against the Day-Book, the Bill-Journal, and the Clearing-in-Book: but this is not a sufficient check. Hence the balances of all the accounts in the Current-Account-Ledger should be taken off weekly in a book called the Current-Account Balance-Book, and added together, and the amount made to agree with the balance of "current accounts" in the General-Ledger. This is usually done by the London bankers quarterly or half-yearly; and when the Ledger is kept on the progressive plan, it may be done weekly without much trouble. The "Current-Account-Balance-Book" should be ruled so that the names of the parties having accounts may be placed under one another at the left-hand, and all the rest of the left-hand page and the whole of the right-hand page divided into double cash columns: one column for the balances of the accounts when in cash, and the other for the balances overdrawn. On this plan it will not be necessary to write the names more than once in seven weeks.

In the same way the balances of the Discount-Ledger should be taken off weekly in the "Discount-Balance-Book." The balances of the General-Ledger are also taken off weekly in the "General-Balance-Book" in the way I have already described.

Half-Yearly-Balance.—The weekly balancing of the Ledger does not preclude the necessity for a half-yearly balance. The usual days for balancing are the last days of June and December. Some banks

however, balance on the *last Saturday* in June and December, and others on the 30th of June and on Christmas-eve. On the balancing day the following operations are passed through the books.—1. The current accounts will be debited for any interest or commission that may be due from the party to the bank.—2. The Current-Account-Ledger will be balanced, and the balance will be brought down as the commencement of the transactions of the ensuing half-year.—3. The customers' books must be balanced, and made to agree with the Current-Account-Ledger. —4. The interest due upon the outstanding deposit receipts must be calculated, and the sums added together.—5. The General-Ledger must be balanced, and at the December balance the amount standing to the debit of the several classes of expenditure must be passed to the credit of those accounts, and to the debit of profit and loss account, and the several sums of profit that have been realized upon Government Stock, India Bonds, &c. are transferred to the credit of profit and loss account.

For each half-year a book must be provided to be called the Half-Yearly-Balance-Book. This book will contain the following entries:

1. A balance-sheet shewing the balances of the respective accounts in the General-Ledger in the same way as the weekly balance-sheet.—2. A debtor and creditor balance-sheet, shewing the exact condition of the bank.—3. An abstract of the profit and loss account.—4. A list of all the balances of the current accounts.—5. A list of all the outstanding deposit receipts, and the interest due upon each.—6. A list of all discounted bills *current, i. e.* bills not yet due.—7. A list of all deposited bills current.—8. A list of all other securities, distinguishing those that belong to the bank from those that are lodged by its customers.

The debtor and creditor balance-sheet mentioned in No. 2, will contain the same amounts as the balance sheet of the General-Ledger, (see page 32) but differently arranged. They may be disposed according to the following form:

A Statement of the Affairs of the Bank, December 31st, 1834.

Dr.	THE BANK.	*Cr.*
Due to the Public on Current Accounts:	Due to the Bank on Investments:	
At the Head Office.	Bills discounted current.	
At Branch A.	Government Stock.	
At Branch B.	Exchequer Bills.	
At Branch C.	India Bonds.	
Due to the Public on Deposit Receipts:	Loans outstanding.	
At the Head Office.	Past due Bills considered good.	
At Branch A.		
At Branch B.		
Due to the Public for Interest on Deposit Receipts.		
Due to the Public for Notes in Circulation.		
Due to the Public for Credits on Agents outstanding.	Total amount due to the Bank.	
	Preliminary Expenses.	
Total Amount due to the Public.		
Due to the Proprietors for Paid-up Capital.		
1st Instalment.		
2nd ditto.		
3rd ditto.		
Balance in favor of the Bank.	Cash in hand.	

The abstract of the profit and loss account may be made out in the following form :—

Abstract of Profit and Loss Account, from Jan. 1, to Dec. 31, 1834.

Dr.				*Cr.*			
To Bank Premises.				By Interest on Bills discounted.			
Furniture.				By Interest on Loans.			
Rent.				By Commission on current Accounts.			
Salaries.				By Profit on Exchequer Bills &c.			
Stationery.							
Incidental Expenses.							
Total Expenses.							
Loss on bad Bills, &c.							
Balance in favor of the Bank.							

At the end of the year the final balance of the profit and loss account is transferred to other accounts according to the purposes to which it is to be applied. If intended to be held as a "surplus fund," it is transferred to that account. If intended to be divided among the proprietors, it is transferred to a "dividend account," which is raised for that purpose. If the balance of the profit and loss account should be against the bank, then it must remain "on the wrong side" until further profits shall turn the balance the other way.

Besides the books connected with the business of banking, every Joint Stock Bank will require,

1. A Shareholder's-Register.—In this book the names of the shareholders are entered chronologically in the order in which they become shareholders. The entry includes the date, the name, residence, number of shares, and sum paid.

2. Transfer-Register.—In this book are entered the transfer of shares from one proprietor to another.

The entry includes date of transfer, from whom transferred, residence, ledger-folio, to whom transferred, residence, purchase-money, transfer stamp.

If a proprietor in a Joint Stock bank wishes to dispose of his shares, he directs a stock-broker to sell them in the market. After the sale the broker gives notice to the directors of the bank in the following form:

London, the Day of 183

To the Directors of *Banking Company.*

Gentlemen,

Please to prepare the necessary document for transferring Shares, from the Name of of to of

the consideration for which Shares is £

Broker,

of

The deed of transfer is then made out according to a printed form prepared by the bank. This agreement is liable to a stamp duty, varying according to the amount of the purchase money. When shares are transferred for a nominal consideration, say five or ten shillings, the stamp duty is thirty shillings.

The following is the scale of stamp duties upon the transfer of shares in Joint Stock Banks.

When the purchase money is under				£20	-	£0	10
For £20	and under		-	50	-	1	0
50	-	-	-	150	-	1	10
150	-	-	-	300	-	2	0
300	-	-	-	500	-	3	0
500	-	-	-	750	-	6	0
750	-	-	-	1000	-	9	0
1000	-	-	-	2000	-	12	0
2000	-	-	-	3000	-	25	0
3000	-	-	-	4000	-	35	0
4000	-	-	-	5000	-	45	0
5000	-	-	-	6000	-	55	0
6000	-	-	-	7000	-	65	0
7000	-	-	-	8000	-	75	0
8000	-	-	-	9000	-	85	0
9000	-	-	-	10000	-	95	0

The bank charges a fee of one shilling per share upon five shares or above for making the transfer, and two shillings and sixpence per share for any number less than five shares. Where there is no pecuniary consideration the charge is ten shillings for each transfer.

3. PROPRIETORS'-LEDGER.—In this Ledger each proprietor has an account open in the same way as in a Cash-Ledger. He is credited for the number of shares; and an entry is made of the different instalments he may pay. When he sells or transfers his shares, he is debited the shares, and they are placed to the credit of the party who may have purchased them. The entry includes the date, number of register, calls and transfers, number of shares and amount.

SECTION IV.

BANKING CALCULATIONS.

When a bill is discounted, the party is credited for the full amount, and debited for the interest. The interest is calculated from the day on which the bill is discounted to the time it falls due. The shortest way is to make use of an interest-book, but if it be done with the pen the following rule may be useful. Multiply the amount of the bill by the number of days. To the product add one-third of itself, one-tenth of that third, and one-tenth of that tenth. From the total strike off four figures to the right for decimals. This will give the interest at 5 per cent. in pounds and decimal parts of a pound. The decimals are to be brought into shillings and pence, by multiplying by twenty and twelve. The interest of any sum at a different rate per cent. may be found in the same way, if you multiply the principal by twice the rate of

interest, and strike off five figures for decimals instead of four.—Example: It is required to find the interest of £500 for ninety days at 5 and $3\frac{1}{2}$ per cent.

	£			£	
	500	principal		500	principal
	90	number of days		7	twice the rate of interest
1-3rd	45000			3500	
1-10th	15000			90	number of days
1-10th	1500				
	150		1-3rd	315000	
			1-10th	105000	
	6,1650		1-10th	10500	
	20			1050	
	3,3300			4,31550	
	12			20	
	3,9600			6,31000	
				12	
				3,72000	

Answer—£6 : 3s. : 3d. at 5 per cent.
— £4 : 6s. : 3d. at $3\frac{1}{2}$ per cent.

It must be observed, however, that this method of calculation is not exactly correct, it produces nearly a farthing too much on every £10 of interest; in calculating large sums therefore, the amount of these farthings must be deducted.

This mode of calculation is founded upon the rule that whenever you have to divide by any number under 100, you may divide by 100; after having added to the dividend such a proportion of itself, as the difference between the divisor and 100 bears to the divisor, the result will be the same as though you had divided in the usual way. This rule is best explained by an example.

Suppose you have to divide 2500 by 40. Now if 40 be subtracted from 100, there will remain 60. The proportion which 60 bears to 40 is $1\frac{1}{2}$. If then you add to the dividend $1\frac{1}{2}$ times itself, and divide by 100, you have the quotient required: thus—

2500	
2500	
1250	
62,50	Answer $62\frac{1}{2}$

Now then, to find the interest upon any sum for one day you may divide by 7300, or striking off the ciphers by 73. The number required to make up 100 is 27. What is the proportion between 27 and 73? If you take the third of 73, a tenth of that third, and a tenth of that tenth, you have something more than 27. And if you add to 73 one-third of itself, one-tenth of that third, and one-tenth of that tenth, you will have $100\frac{1}{100}$, which divided by 100 will give $1\frac{1}{10,000}$. As the proportion is not exact, the interest given by the above rule will always be $\frac{1}{10,000}$th part too much, which is about a farthing in every £10 interest.

In taking the interest for any number of months, it will be useful to remember that the interest of one pound for one month at 5 per cent. is one penny. Thus the interest of £100 for two months is twice a hundred pence or sixteen shillings and eight-pence. The interest upon shillings and pence is never taken into the account. If the fraction is more than ten shillings, it is regarded as £1; and if it be less, it is not noticed.

The interest for any number of months, at any rate per cent. may be found by multiplying the number of months by the rate of interest: with this sum divide 1,200. By this quotient divide the principal, and you have the interest required. Example—What is the interest of £10,000, at 4 per cent. for three months? 4 multiplied by 3 gives 12—divide 1,200 by 12, and you have 100; then divide 10,000 by 100, and you have £100, the interest required.

There is often a difference in the amount of interest according to the method of calculation, either by months or by days. A month from the 10th of February to the 10th of March, is only 28 days; but from the 10th of March to the 10th of April, a month is 31 days. The half year from the 1st of January to the 30th of June, is 181 days; but from the 1st of July to the 31st of December, the half year is 184 days. The interest of £10,000 for 6 months is 250; for

181 days it is only £247 18*s.* 11*d.*; for 184 days it is £252 1*s.* 1*d.*

Interest tables calculated at any rate of interest, may occasionally be employed to ascertain the interest on any sum at a different rate. This is done by taking that proportion of the principal, or of the time which the given rate of interest bears to the rate of the interest tables. For example, if it be necessary to ascertain the discount on a bill of £100 for 50 days, at 4 per cent. and you have interest tables calculated at 5 per cent., you may take either four-fifths of the time or four-fifths of the amount. For the interest of £100 for 40 days, or the interest of £80 for 50 days, at 5 per cent, is equal to the interest of £100 for 50 days, at 4 per cent.

When you have to find the interest of a large sum for one day, you may strike off two figures from the right hand, and take the interest of the remainder for 100 days. Thus, if you have to find the interest of 47,863,47 for one day, take the interest of 47,863 for 100 days, then take the interest of 47 for one day, and add the two sums together. The interest of £1 for 100 days is the same as the interest of £100 for one day. It may be given as a general rule, that a different time and sum may be employed, provided they yield the same product when multiplied together. Thus, the interest of £10,000 for one day, is the same as the interest of £1000 for 10 days.

Bankers differ in their mode of calculating the interest upon current accounts. Some have an Interest-Ledger, or cash columns ruled in the Current-Account-Ledger, in which they state the interest upon every individual item in the account. Thus, for instance: the general balance takes place the 30th of June, and the 31st of December. If a sum of money is paid in on the 1st of May, the interest is calculated on that amount from the 1st of May to the 30th of June, and is then carried to the *credit* of the party's

interest account. On the other hand, if a cheque be drawn on the 1st of May, the interest is calculated and carried to the *debit* of the interest account. On the 30th of June, the interest account is balanced, and the balance is carried to the debit or credit of the party's current account. Other bankers take off the balance of the current account into a separate book (or have columns ruled in the ledger for bringing out the balances*) for every day, from the 1st of Jan. to the 30th of June; add all these amounts together, and then take the interest of the total for one day. To take the interest for one day is a very easy operation. The interest of any sum for one year at 5 per cent. is one-twentieth part of the principal, and the interest for one day is the 365th part of the interest for a year. Now 365 multiplied by 20 gives 7,300. You have then only to divide any sum by 7,300, and you have the interest of that sum for one day at 5 per cent. per annum. The interest of any sum for one day at any other rate than 5 per cent. may be found by multiplying the principal by twice the rate of interest, and dividing the product by 73,000. But the best way is to make use of Gilmer's Interest Tables, published by Sims and M^cIntyre, of Belfast.

Banks who compound for the stamp duty on their notes, and twenty-one day bills on London, calculate the sum to be paid by ascertaining the amount in actual circulation every Saturday night. The amounts for all the Saturdays in the half-year being added together, and divided by twenty-six, the number of weeks, the quotient shews the average amount in circulation during that period, and the duty paid is at the rate of three shillings and sixpence per cent. upon this average amount. This is at the rate of seven shillings per cent. upon the average annual amount.

To ascertain what denomination of notes remain the

* See page 23.

longest in circulation, let the total average circulation for any given period be represented by the number 1000; and let the amount of each particular denomination be represented by a proportionate part of 1000. Then let the total amount of notes paid during the same period be represented by 1,000, and the amount of each denomination of notes be proportionally ascertained; then place these two series of numbers in juxta position, and it will immediately be seen what denomination of notes remain out the longest. For instance, if the average amount of a banker's circulation consist of £20,000 in £5 notes; £15,000 in £10 notes; £10,000 in £20 notes; and £6,000 in £50 notes; then the proportionate numbers will stand thus:—

Total Circulation.	£5.	£10.	£20.	£50.
1000	400	300	200	100

Then, if during the same period the amount of notes paid of different denominations have been—£15,000 in £5 notes; £15,000 in £10 notes; £12,000 in £20 notes: and £8000 in £50 notes—the proportional numbers will stand thus:

Total Paid.	£5.	£10.	£20.	£50.
1000	300	300	240	160

By placing these numbers under those which represent the calculation, it will be perceived that the amount of £5 notes paid is less than the proportional amount in circulation; and consequently, notes of this denomination remain out the longest; the £10 notes remain out a less time; the £20 a still shorter term; and the £50 notes the shortest term of all.

To ascertain how long a banker's notes remain out, take the average amount in circulation for any given period, say three months; ascertain the amount of notes paid during that period:—If the amount paid during the three months is twice the average amount

in circulation, then the notes have remained out six weeks. If the amount paid is three times the amount in circulation, then the notes have remained out one month. The term which any particular denomination of notes remain in circulation can of course be ascertained in the way I have already described. These calculations are easily made by a table of logarithms.

In calculating commissions for 1 per cent. divide by 100—for $\frac{1}{2}$ per cent. by 200—$\frac{1}{4}$ per cent. by 400—for an eighth per cent. by 800.

In calculating the dividends on stock, if it be in the 4 per cents. the half-yearly dividend will be one fiftieth part of the principal. Hence, multiply by 2, and divide by 100.

If the stock be 3 per cents. the half-yearly dividend wil be $\frac{3}{200}$ths of the principal. Hence, add to the principal one half of itself, and divide by 100.

If the stock be $3\frac{1}{2}$ per cent. add to the principal one half and one quarter of itself, divide by 100, and you have the half-yearly dividend.

Examples.—What is the half-yearly dividend on £13,476 10*s.* 8*d.* 3 per cents. $3\frac{1}{2}$ per cents. and 4 per cents?

£	s.	d.
13476	10	8
6738	5	4
202,14	16	0
20		
2,96		
12		
11,52		

£	s.	d.
13476	10	8
6738	5	4
3369	2	8
235,83	18	8
20		
16,78		
12		
9,44		

£	s.	d.
13476	10	8
		2
269,53	1	4
20		
10,61		
12		
7,36		

(ANSWER.)

		£	s.	d.
3	per ct.	202	2	11
3½	per ct.	235	16	9
4	per ct.	269	10	7

In making calculations respecting the purchase or sale of stock, multiply the amount of stock by the price, and divide by 100. Stock-brokers have seldom any occasion to make these calculations, as there are books published expressly for their use.

The stock-brokers charge one eighth commission on all purchases and sales of stock; one shilling per cent. on Exchequer Bills and India Bonds. The charges are made on the amount of stock, not on the amount of money invested. In the purchases or sales of shares in public companies the usual charge is five shillings per share. In continuation accounts, that is, where a party buys stock for money, and sells it for time, the charge is only one-sixteenth per cent. Upon terminable annuities the charge is one-eighth per cent. upon the money invested. "One-eighth commission" is a charge of two shillings and sixpence (the one-eighth of a pound sterling) on every £100; a quarter commission is, of course, five shillings. The stock-broker usually allows the London banker one half the commission.

The following are the names of the public funds, with the days of transfer, and the time when the dividends are paid:

		Dividends Due.
Bank Stock, 8 per cent.	Tu. Th. and F.	Ap. 5 and Oct. 10.
Consolidated 3 per cent. Ann.	Tu. W. Th. and F.	Jan. 5 and July 5.
Reduced 3 per cent. Ann. ...	Tu. W. Th. and F.	Ap. 5 and Oct. 10.
3½ per cent. Ann. 1818	T. Th. and F.	
£3 10s. per cent. Red. Ann.	Tu. W. Th. and F.	
4 per cent. New Ann.....	Tu. W. Th. and F.	Jan. 5 and July 5.
Long Ann. to Jan. 1860.....	M. W. and Sa.	Ap. 5 and Oct 10.
Ditto, Thirty Years.....	Tu. Th. and Sa.	
3 per cent. Ann. 1726	Tu. and Th.	Jan. and July 5.
Life Annuities.....	If transferred between Jan. 5 and Ap. 4, or between July 5 and Oct. 9.....	
	If transferred between Apr. 5 and July 4, or between Oct. 10 and Jan. 4.....	Ap. 5 and Oct. 10.
East India Stock, 10½ per ct.	Tu. Th. and Sa.....	Jan. 5 and July 5.
South Sea Stock 3½ per ct.	M. W. and F.	Jan. 5 and July 5.
3 per cent. Old S. Sea Ann.	M. W. and F.....	Ap. 5 and Oct. 10.
3 per cent. New S. Sea Ann.	Tu. Th. and S.	Jan. 5 and July 5.
3 per cent. Annuities 1751.	Tu. and Th.....	

Interest on India Bonds due March 31 and September 30.

Tickets for preparing the Transfer of Stock, must be given in at each Office before 1 o'clock. At the India House before 2 o'clock.

Private Transfers may be made at other times than as above, the Books not being shut, by paying at the Bank, India House, and South Sea House, 2s. 6d. extra for each Transfer.

Transfers at the Bank must be made by half-past 2 o'clock; at the India House by 3; at the South Sea House by half-past 2—on Saturdays by 1.

Expense of a Transfer in	£	£	s.	d.		£	£	s.	d.
Bank Stock not exceeding	25	... 0	9	0	exceeding	25	... 0	12	0
India Stock.....	10	... 1	10	0	.....	10	... 1	14	0
South Sea Stock	100	... 0	9	6	.....	100	... 0	12	0

Powers of Attorney made and executed for the Sale or Transfer of Stock must be deposited at the Bank, &c. for examination, before 2 o'clock, the day previous to being acted upon; if only for receiving Dividends upon Stock, it is sufficient to present the Power of Attorney at the time when the first Dividend thereon becomes payable. Power of Attorney £1 1*s.* 6*d.*, but for Bank, India, and South Sea Stock, £1 11*s.* 6*d.*

If the stock stands in the name of several persons, any one may receive the dividends, but they must unite to execute a sale. If one or more of the parties die, the stock is transferred by the survivors, without the concurrence of the executors or representatives of the deceased party. Hence if a father wished to give his son a certain amount of stock at his death, he might place the stock in his own and in his son's name, and upon his death his son would become the actual possessor of the property.

The United States of America reckon their money in dollars. To turn dollars, at the exchange of 4*s.* 6*d.* per dollar, into pounds sterling, multiply the number of dollars by 9, and divide by 40. To turn pounds sterling into dollars, multiply by 40, and divide by 9.

The French calculate their stock not by the amount of the principal, but by the amount of the dividend. Thus, 1000 francs in the French rentes, denote 1000 francs per annum. To calculate the purchase money for any amount of French rentes, first ascertain the principal. For the 5 per cents. you multiply by 20, and for the $4\frac{1}{2}$ per cents. by $22\frac{2}{9}$;—For the 4 per cents. by 25, and for the 3 per cents. by $33\frac{1}{3}$. Having obtained the amount of stock, and the price, proceed in the same way as in calculating the purchase money for English stock.

SECTION V.

BANKING EXCHANGES.

By banking exchanges, I mean exchanges between bankers. Most of the London bankers who reside in the city make their exchanges with each other at the Clearing-house. At this house, which is situated in Lombard-street, in a part of the old Post-office, a clerk attends from each banking-house twice a day. First he goes at twelve o'clock with those bills which he has upon other bankers. Each bill is receipted by the house through whom it is presented, and the cheques have the name of the house written across them. He drops the bills payable at each house in a separate draw provided for the purpose, and he enters in his book, under separate accounts, those bills that may be dropped into his drawer. At half-past twelve he returns home. He goes again at three o'clock with a fresh quantity of bills and cheques, which he delivers in the several drawers as before. He then enters in his book those cheques that may have been delivered in his drawer. From three to four he receives further supplies of cheques brought to him from home by other clerks. These cheques he enters in his book, and they are then delivered in the proper drawers. As soon as the clock strikes four no further cheques are taken. He then casts up each account, and strikes the balance. These balances are then transferred to the balance-sheet. The balance-sheet is a half sheet of paper, with a list of clearing bankers, printed alphabetically in a row down the middle. On the left hand side is a space for the debtors. On the right hand side is a space for the cre-

ditors. The clerk begins with the house at the top of the list. If this house owes him money he places the balance on the left side of the name. If he owes money to this house he places the amount on the right side. Thus he proceeds through the whole list. He then goes to the clerk of each house, and calls the balance to him; and if they both agree, they mark it with a pen. If they differ, they examine where the error lies, and make the accounts agree. He then casts up each side of his balance-sheet, and strikes the balance. If the total amount of debits exceeds the total amount of credits, he will have to receive the amount of the difference. If the credits exceed the debits, he will have to pay the difference.

If a banker does not choose to pay a bill or draft brought home from the clearing-house, it is sent back and dropped in the drawer of the house by whose clerk it was presented. On the bill or draft is stated the reason for its non-payment: this is usually, "no effects," or "no advice;" sometimes, "not sufficient effects," or "refer to the accepter." If this draft was delivered in the first instance in the morning clearing (that at twelve o'clock) it is usually returned before four o'clock; but in all cases it must be returned before five o'clock: or else it will not be taken back, and the banker is considered to have paid it.

All this is usually done by five o'clock, when the clerks go home for a short time for two purposes: one purpose is, to fetch the money they have to pay; and the other is, to see if their balance on the sheet agrees with the balance of the books at home. At about quarter or half-past five they return, and any clerk who has money to pay, pays it to any clerk who has money to receive. It is common, however, for three or four clerks to form a sort of club, and pay principally among themselves. Hence when one member of the club has money to pay, he will pay it to some member of the same club who has money to receive, in prefer-

ence to paying it to any one else; by this means his friend obtains his money earlier than he otherwise might, and gets off sooner. It is obvious that all the money that is to be paid must be equal to all the money that is to be received. If this should not appear to be the case, there must be some error; and the clearing-house is then said to be wrong. Two inspectors are appointed with salaries to detect errors of this kind by examining and marking off the sheets. Their signature is also necessary before any money can be paid from one clerk to another.

All the articles in the clearing are entered at home in a book called the Clearing-book. On the left hand are entered the bills and drafts upon other bankers. These are called the "clearing out." On the right hand are entered the drafts which are drawn upon the house, and which have *come in* from the clearing. These are called the "clearing-in." If the clearing-out" is a greater sum than the "clearing-in," the clerks say, "the clearing brings in;" that is, the clearing clerk will bring in money from the clearing-house. In the other case, they say, "the clearing takes out;" that is, he will take out money from the banking-house to pay away at the clearing-house. The balance of this book should agree with the clearer's balance-sheet, excepting the differences of the preceding night, which he may have settled. When this is the case, the clearer is right: if not, he is wrong, and he must discover the error. The clearer may be wrong through errors made either in his own book at the clearing-house, or in the Clearing-book at home. The error at home may be either in the "clearing-in" or in the "clearing-out." If the error be in the clearing-out, it will make the banking-house wrong: if in the clearing-in, it will not. Suppose, for instance, the clearing-out is wrong cast £1,000 too much, the house will be £1,000 over, and the clearer will be £1,000 short. But if the clearing-in

be wrong cast £1,000 too much, it will not affect the balance of the house, because the Cash-book will consequently be £1,000 less; and these two amounts, those of the Cash-book and the Paid-day-book, (into which the amount of the Clearing-in-book is entered) are placed on the same side of the trial paper. But this error will make the clearer wrong. The way in which the clearer discovers his errors is, by marking off his book against the Clearing-book, and by recasting both the books. An error may have occurred at the clearing-house. If the clearer has placed a wrong balance on his sheet, or has wrong-cast his balance-sheet, the clearing-house will be wrong, and the inspectors will make their business to discover the error. But if the clearer has entered an article wrong in his book, and the clerk of the house upon whom the draft is drawn has entered it wrong also, then the clearing-house will be right, and both these clearers will be wrong; one being as much over as the other is short.

All the articles in the clearing-out must mark against either the Journals, the Received-waste-books, or the Lists. To secure greater accuracy, the clearing-in is entered not only in the regular Clearing-book, but also in another book by itself, which for distinction is called the Clearing-in-book. The amount of the clearing-in is entered in the Paid-day-book previous to the daily balance. On the following morning, the Clearing-in-book is marked against the debit side of the Ledger, and the Ledger-folio placed against each entry.

No gold, silver, or copper is taken to the clearing-house; the differences under £5 that may be left between the clerks who receive and pay with each other, are carried to account on the following day.

Country notes are not paid at the clearing-house, but are taken round to the banking-houses, and exchanged for tickets called memorandums, which are passed

through the afternoon clearing. The following is the form of these memorandums:—

London, 1st May, 1827.

Due to Messrs. *Steady and Co.*

One Thousand Pounds

for Country Notes, to be paid in the clearing of this day.

For Messrs. Hope, Rich, and Co.

£1,000. *A Clerk.*

Drafts that are paid into the banking-house after four o'clock, are taken to the houses upon whom they are drawn "to be marked;" that is, it is asked if these drafts will be paid in the clearing of the next day? If so, one of the clerks *marks* the cheque by placing his initials upon it. If the cheque is refused to be marked it is returned as dishonored on the following day, to the person who has paid it in. Had it not been sent to be marked, the draft would not have been refused payment until the next day, and it could not be returned to the customer till the day afterwards.

Mr. *Thomas*, inspector of the clearing-house, stated to the Bullion Committee, in the year 1810, that the average amount of drafts paid every day at the clearing-house was £4,700,000; and the average amount of the balance paid in bank notes was £220,000. Sometimes the bank notes brought to the clearing-house of an evening exceeded £500,000; and, on settling days at the Stock Exchange, the amount of drafts paid was above £14,000,000. At that time, the clearing-house had been established thirty-five years; and the number of clearing bankers was forty-six.

The following is a copy of a clearing balance-sheet, and a list of the bankers who clear. The name of the house to whom each sheet belongs is placed at the top, and is then of course omitted in the alphabetical list.

Debtors. £	s.	d.		*Creditors.* £	s.	d.
			Barclay			
			Barnard			
			Barnetts			
			Bosanquet			
			Brown			
			Curries			
			Dorrien			
			Esdaile			
			Fuller			
			Glyn			
			Hanbury			
			Hankey			
			Jones			
			Ladbroke			
			Lubbock			
			Masterman			
			Prescott			
			Price			
			Robarts			
			Rogers			
			Smith			
			Spooner			
			Stevenson			
			Stone			
			Vere			
			Weston			
			Whitmore			
			Williams			
			Willis			

The effects of the Clearing-house are thus described by Mr. M^{c}Culloch in his Commercial Dictionary.

" By far the largest proportion both of the inland bills in circulation in the country, and also of the foreign bills drawn upon Great Britain, are made payable in London, the grand focus to which all the pecuniary transactions of the empire are ultimately brought to be adjusted. And in order still further to economise the use of money, the principal bankers of the metropolis are in the habit of sending a clerk each day to the Clearing-house in Lombard Street, who carries with him the various bills in the possession of his house, that are drawn upon other bankers; and having exchanged them for the bills in the possession of those others that are drawn upon his constituents, the balance on the one side or the other is paid in cash or Bank of England notes. By this contrivance the bankers of

London are enabled to settle transactions to the extent of several millions a day, by the employment of not more at an average than from £200,000 to £300,000 of cash or Bank notes.

" In consequence of these and other facilities afforded by the intervention of bankers for the settlement of pecuniary transactions, the money required to conduct the business of an extensive country is reduced to a trifle only, compared with what it would otherwise be. It is not, indeed, possible to form any very accurate estimate of the total saving that is thus effected; but, supposing that fifty or sixty millions of gold and silver and Bank notes are at present required, notwithstanding all the devices that have been resorted to for economising money for the circulation of Great Britain, it may, one should think, be fairly concluded, that two hundred millions would, at the very least, have been required to transact an equal extent of business but for those devices. If this statement be nearly accurate, and there are good grounds for thinking that it is rather under than overrated, it strikingly exhibits the vast importance of banking in a public point of view. By its means fifty or sixty millions are rendered capable of performing the same functions, and in an infinitely more commodious manner, that would otherwise have required four times that sum; and supposing that twenty or thirty millions are employed by the bankers as a capital in their establishments, no less than 120 or 130 millions will be altogether disengaged, or cease to be employed as an instrument of circulation, and made available for employment in agriculture, manufactures, and commerce.

The Country banks residing in the same neighbourhood usually make their exchanges once a week, and pay the difference in London on the following day. This arrangement is of considerable advantage to all parties. Suppose I as a Country banker receive in the course of a week the sum of £10,000 in the notes of a neighbouring bank, and that bank receives the same amount of my notes; if we exchange notes, there is an end of the transaction. I pay the notes that bank has upon me by the notes I have upon that bank, and each of us has £10,000 less in circulation. But suppose we refuse to exchange notes with each other, then I take his notes and demand Bank of England notes and sovereigns, and he does the same with me. Hence each of us must keep a balance of £10,000 more in gold or Bank of England notes, and also an additional sum to answer any sudden emergency that may arise at any time from that banker having more than

the usual amount of notes, and to meet any run that he may be disposed to make upon me. Thus it is, that Country banks by exchanging notes, and receiving payment of the difference in London, are enabled to carry on their business with a less amount of ready cash, and to prevent the danger that might arise from being run upon by each other. Those banks only exchange which are in the same neighbourhood. Were I to receive the notes of a bank at some distance off, I should send these notes to London, and that banker would send my notes to London, and they would be paid by our London agents. We should not exchange with each other, because it would cost more to send a messenger with the notes to be exchanged, than it would cost postage to London. Here I have to pay the postage of these notes to London, and I have also to pay the expense of having my notes which have been paid in London sent down to me.

The exchange between any two banks established in the same place, will be regulated by the character and extent of the business they may respectively carry on. The balance may for a considerable length of time be uniformly in favour of one of these banks, and then for a considerable period in favour of the other; or it may fluctuate weekly, and at the year's end be found to be neither favorable nor unfavorable. I shall endeavour to investigate the causes which govern these changes. In the first place I shall presume that each bank is a bank of deposit, of discount, of remittance, of agency, and of circulation. The claims upon each bank will then consist of—1. Cheques drawn against deposit accounts. 2. Its own notes. 3. Notes issued by its agents or other branches. 4. Letters of credit granted by agents or branches. These claims or obligations will get into the possession of the rival bank by some of the following ways.—1. As lodgments on deposit accounts. 2. In payment of local bills. 3. For bills or letters of credit on agents or branches. 4. Re-

ceived for collection by post from some agents or branches. The exchanges will now be more or less favorable according to the following circumstances:—

1. The discounting of bills not payable in the place where the banks are established, has a tendency to render the exchanges unfavorable.

If, for example, a country banker discounts bills payable in London, he issues his own notes for the amount at the time the bill is discounted, and some of these notes will get into the rival bank and render the exchanges unfavorable. When the bills are due, the London agent receives the amount from the accepters; but this has no effect on the local exchange. Hence a bank that discounts a large amount of London bills must expect to have large sums to pay in the exchanges. There are some cases, however, in which the discounting of London bills will not affect the local exchange: these are—1. When the amount of the bill is not taken in notes but in a draft on the London or some other agents. 2. When the amount of the bill is placed to the party's current account, the exchanges will not be affected so long as it remains on that account. 3. The exchanges will not be affected, if the notes issued for the London bill should be retired either by the bank that issued them, or by any of its agents.

2. If a bank has to pay a large amount, or letters of credit, issued upon it by its agents or branches, the exchanges may become unfavorable.

The exchange between any two banks may be affected by other circumstances than local connexions. If one bank is *drawn upon* by agents or branches, or has to pay notes issued by agents or branches, and the other has no such connexions, then the exchange will be unfavorable to the former bank and favorable to the latter. Some of these notes or letters of credit, and some of the notes issued for the letters of credit, will probably get into the possession of the rival bank, and appear in the exchange.

3. If a bank issues a large amount of bills, or letters of credit upon its agents or branches, the tendency is to render the exchange favorable.

The bank receives the money for these bills or letters at the time it issues them. This money will often be composed of the notes chiefly in circulation, and a part of them will consist of the notes or obligations of the rival bank, and will be paid in the exchange: or if the bank receive from its agents or branches any claims upon the rival bank, or even any bills to be collected, the effect will be to render the exchange favorable in the same way as the granting letters of credit upon those agents or branches.

4. The increase of lodgments on current accounts has a tendency to render the exchanges favorable.

On these accounts money is received and money is paid out daily. The receipts of money tend to throw the exchange in favour of a bank, because some portion of these receipts will consist of the obligations of the rival bank. The payment of money tend to render the exchange unfavorable, because some of the notes issued in payment will find their way into the other bank. When therefore the receipts are more in amount than the payments, the exchanges are likely to be favorable. When the total deposits lodged in a bank continue to increase, the exchange will probably be favorable *during the progress of* such increase; but after the deposits have ceased to increase, the exchange will not be more favorable than before the increase began. As long as the amounts of the deposits in the respective banks remain stationary, the operations on those accounts will not affect the exchanges, although the deposits in one bank may be twice the amount of those in the other. But if from a transfer of accounts or from other causes the deposits increase in one bank and diminish in the other, the exchanges during these operations will be in favor of the bank whose deposits are on the increase. But let the progress of

increase be over, and the amounts of the respective lodgments become permanently fixed, then as far as the operations on the current accounts are concerned the exchanges will again be equal.

5. An increase in the amount of local bills under discount has a tendency to render the exchanges unfavorable. Local bills are bills payable in the place where the bank is established. The operations on the local bill account are similar to those on the deposit account. When these bills are discounted, notes are issued—when the bills are paid, notes are received. When the amount of local bills paid is greater than that discounted, the tendency is to render the exchanges favorable. Thus, to reduce the amount of local bills under discount, is to render the exchanges favorable; and to increase the amount, is to render them the reverse. But though the operations on the local bill account are similar in their nature to those on the current accounts, yet the effect is different as to their influence on the exchanges. For as the amount of the local bills under discount increase, the exchanges become unfavorable; but as the deposits increase, the exchanges become advantageous. In the increase of local bills the issue of notes will be more than the receipts; but in the increase of the deposits the receipts will be more than the issues.

The following is the mode of settling the exchanges in Scotland:—

"Explain to the committee the mode which the banks pursue in making exchanges of each other's notes?

"Out of Edinburgh, at the branches of the different banking companies, if there are more than one in a place, they meet on a certain day or days in the week; in Glasgow they meet twice in a week; at Aberdeen it was only once a week. The mode of settling the balance of exchange is by a draft on Edinburgh, payable on demand; that is the mode of doing it in Glasgow; at Aberdeen it is settled by a bill on London, at ten days' date. The exchange in Edinburgh embrace the exchanges in the country; the exchange that takes

place at Glasgow on Monday, becomes a new exchange in Edinburgh on the Tuesday; and the aggregate balance of the Glasgow exchanges, meeting in this way in Edinburgh, are settled by the party either having to receive, or to pay, by a bill in London at ten days date." *(Lords, 178, Thompson.)*

SECTION VI.

BILLS OF EXCHANGE.

A bill of exchange is a written order from one person to another, directing him to pay a sum of money either to the drawer or to a third person at a future time. This is usually a certain number of days, weeks, or months, either after the date of the bill, or after sight; that is, after the person on whom it is drawn shall have *seen* it, and shall have written on the bill his willingness to pay it. The party expresses this willingness by writing on the bill the word "*accepted*," and his name. If the bill be drawn after sight, he also writes the date of the acceptance.

If the party in whose favour the bill is drawn, wishes to transfer it, he writes his name on the back. This is called an *indorsement;* and may be either special or general. A special indorsement is made to a particular party, as "pay to Messrs. John Doe and Co. or order." A general or blank indorsement is when the person merely writes his name. It is held by the lawyers* that a special indorsement cannot *follow* a general indorsement, and that in such a case the holder may sustain an action for the amount, though the bill

* See Chitty on Bills of Exchange, p. 103.

be not indorsed by the party to whom it is thus specially assigned. In practice, however, this is very common; and bankers always refuse to pay bills not properly indorsed, even though previous indorsements may be general. But in regard to post bills the Bank of England pays no regard to any special indorsement that may follow a general indorsement.

The following is the form of a bill of exchange :—

£1000. *London, 1st of May,* 1827.

Two months after date, pay to the order of Messrs. Quick, Active, and Co. (or me or my order) the sum of one thousand pounds, for value received.

Hearty, Jolly, and Co.

To Messrs. John Careful & Co. Southwark.

Accepted, payable at Messrs. Steady & Co. Bankers.
John Careful & Co.

A promissory note is as follows :—

£1000. *London, 1st of May,* 1827.

Two months after date, we promise to pay Messrs. Hearty, Jolly, and Co. or their order, the sum of one thousand pounds, for value received.

John Careful and Co.

At Messrs. Steady and Co. Bankers, Lombard Street.

The acceptance is usually written across a bill, but should always be on the front, not on the back of the bill. An indorsement, as the name implies, should be placed on the back.

The person who draws a bill is called the drawer; the person on whom it is drawn is called the drawee: after the bill is accepted the drawee is called the accepter. The person who indorses a bill is called the indorser; the person to whom it is indorsed is the indorsee. The person who pays a bill is the payer; the person to whom it is paid is the payee. These and

similar terms may be illustrated by a circumstance said to have occurred on the cross-examination of a witness, on a trial respecting a mortgage.—*Counsellor.* "Now, Sir, you are a witness in this case; pray do you know the difference between the mortgager and the mortgagee?"—*Witness.* "To be sure I do. For instance, now suppose I nod at you, I am the nod-er, and you are the nod-ee." The word discountee denoting the person for whom a bill is discounted, is not used in England, but I observe in the parliamentary evidence that it was employed by some of the witnesses from Scotland.

All bills, except those payable on demand or at sight, are allowed three days grace. Thus a bill drawn at two months from the first of May, will fall due on the fourth of July; but if that day be a Sunday, or a public holiday,* the bill will be due on the day before. Some bills instead of being drawn after date or sight, state the time of payment, as "on the first of August pay, &c." These bills are allowed the usual three days of grace. Such a bill would fall due on the fourth of August.

Some parties when they indorse a bill, write at bottom "in case of need, apply to Messrs. C. D. and Co." That is, if the bill be not paid when due, Messrs. C. D. and Co. will on the day after it is due pay it for the honor of the indorsers. The notaries always observe the "cases of need" upon the bills that come into their hands, and apply to the proper parties.

* To remove all doubts upon this subject, an act of parliament was passed (7th and 8th Geo. IV. chap. 5.) which enacts, "that from and after the tenth day of April, one thousand eight hundred and twenty-seven, Good Friday, and Christmas-day, and every day of fast or thanksgiving appointed by his Majesty, is and shall for all purposes whatever, as regards bills of exchange and promissory notes, be treated and considered as the Lord's day, commonly called Sunday." This act does not extend to Scotland, but it has since been extended to Ireland. This act does not vitiate a bill *dated* on a Sunday.

The advantage of placing a case of need upon a bill is, that the party indorsing it receives it back sooner in case of non-payment. It also makes the bill more respectable, and secures its circulation.

Were it not for the space it occupies, it would be very desirable that the indorser of a bill of exchange should be compelled to state also his address. This would prevent forged and fictitious indorsements, and give a banker who discounts a bill, a better opportunity of ascertaining the respectability of the parties. In case too the bill was unpaid, he might immediately apply to all the indorsers, whereas now he has to find them out in the best way he can. The indorsers and drawer of a bill would have earlier notice of its non-payment, and have a better opportunity of obtaining their money from the antecedent parties.

Bills are divided into Inland and Foreign. Inland bills are those in which both the drawer and the accepter reside in England. Bills drawn from Scotland or Ireland are considered as Foreign bills. If a Foreign bill be refused acceptance or payment, it should be immediately protested and returned. An Inland bill is only noted, and then only when refused payment. A Foreign bill may be accepted verbally, or by letter: but no acceptance of an Inland bill is valid unless written upon the bill itself.

When a merchant in one country draws bills upon a merchant residing in another country, he usually draws them in sets, that is, he draws two, three, or more bills of the same tenor and date. These bills are sent to his correspondent by different ships. Thus he secures the swiftest conveyance, and his remittances will not be delayed by any accident that may happen to an individual ship. In drawing these bills, it is always expressly stated whether each bill be the first, second, or third of a set: as "pay this my *first* of exchange (the second and third not being paid)." On the pay-

ment of any one bill, the others are of no value. If a merchant, say at Paris, has a set of bills drawn on a merchant at London, he will sometimes send over the first bill to his correspondent in London, to get it accepted, and to retain it until claimed by the holder of the second. The merchant at Paris will then write on the second bill that the first lies accepted at such a house in London. He will then sell it or pay it away. By this means he is sure that the bill he negotiates will not be returned to him, and greater value is given to his bill, not only as it has the additional security of the accepter's name, but if it be drawn after sight, it will become due so much the sooner. When the second bill arrives in London, the holder takes it to the house where the first is deposited, and it is immediately given up to him.

Foreign bills are often drawn at a " usance" after date. A usance from Amsterdam, Rotterdam, Hamburgh, or any place in Germany, is one month ; from France thirty days; from Spain and Portugal two months ; from Sweden seventy-five days; from Italy three months. Where it is necessary to divide a month upon a half usance, which is the case when the usance is either one month or three, the half month is always fifteen days. Bills drawn from Russia, are dated according to the old style, and twelve days must be added to the date, in order to ascertain at what time they fall due.

A bill is sometimes accepted *for the honor* of the drawer, or of one of the indorsers. Thus, if a bill from Hamburgh be drawn upon a person in London, who refuses to accept it, another party knowing the drawer or one of the indorsers to be a respectable man, may accept the bill himself for the honor of the party with whom he is acquainted. By this means he prevents the bill being returned with expenses. This kind of acceptance renders him liable to pay the bill on the day

after it is due, but he can afterwards recover the amount from the party for whose honor he has accepted it, and of course from all preceding parties. But to secure himself, he must not accept the bill until after it has been protested for non-acceptance, and he must write "accepted for the honor of A. B. and Co." upon the face of the bill. And when the bill is due he must not pay it until it has been presented for payment to the drawee.

Bills accepted and made payable at a banking-house in the usual manner, without the addition of the word ONLY, may be presented either at the banking-house, or at the residence of the accepter. In either case it is a legal presentment,* as far as regards the accepter. In practice, however, bills are always presented at the place where they are made payable. If a bill be addressed to a banking-house, or any other place ONLY, the payment cannot be enforced, until it has been presented at that place. If any particular place of payment be mentioned in the body of a promissory note it must be presented there.

When bankers receive any unaccepted bills they send them out for acceptance if they have four days to run. They are left at the house of the drawee, and are called for on the following day. On the day the bills are due, the tellers present them in the morning at the place where they are made payable. If not paid when presented, they leave a printed notice or direction, of which the following is a copy: —

Bill for £
Drawn by Mr.
On Mr.
Lies due at Messrs. Steady and Co.
No. *Lombard Street.*
Please call between two and five o'clock.

* 1 and 2 Geo. IV. cap. 78.

If not paid by five o'clock, the bill is sent to the notary's. It is brought to the banking-house the following morning, with the notary's ticket attached to it, stating the reason why it is not paid. The bill is then returned. If it be a Foreign bill, that is, drawn from any foreign land, it must be protested. Foreign bills are also protested for non-acceptance: but Inland bills are not, nor even noted, but the party who remitted the bill to the banking-house is advised of the circumstance.

Bills under the value of forty shillings are not subject to the stamp duty. Nor are drafts upon bankers, payable to bearer on demand, provided the drafts are drawn within fifteen miles of the banking-house, and they specify such place, and bear date on or before the day on which they are issued. A person drawing a cheque beyond this distance, is subject to a penalty of £100; the person knowingly receiving it, to a penalty of £20; and the banker paying it, is liable to a penalty of £100. The post-dating of cheques to make them serve the purpose of bills of exchange, is subject to the same penalties.*

The following is the form of a draft or cheque:—

No. 457. *London, May* 1, 1827.
Messrs. Hope, Rich, and Co. Lombard Street.
Pay *John Doe*, Esq. or bearer, the sum of *one hundred pounds.*
£100. Peter Thrifty and Co.

The words "or bearer" are essentially necessary, or the draft must be drawn on a stamp, and indorsed by the party who receives it.

Bills for 20*s.* and under £5 must specify the name and residence of the payee; they must be payable within twenty-one days after date, and be attested by one subscribing witness. Every indorsement must be

* 55 Geo. III. cap. 184, 812, 813.

attested by a witness; and must specify the name and residence of the indorsee. All bills drawn for a less sum than 20*s.* are illegal.

A bill given for an illegal consideration cannot be enforced by the drawer, but it may be enforced by an innocent holder who had no knowledge of the illegal consideration, and who received the bill before it was due. The principal illegal considerations are those arising from usury, gambling, and smuggling. Bills drawn at not more than three months after date, are exempt from the operation of the laws against usury.

The following is the Table of Stamp Duties upon Bills of Exchange :—

				Not exceeding 2 months after date, or 60 days sight.			Exceeding 2 months after date, or 60 days sight.		
£	*s.*		£	*s.*	£	*s.*	*d.*	£	*s.*	*d.*
Amounting to 2	0	and not exceeding	5	5	0	1	0	0	1	6
5	5	.....	20	0	0	1	6	0	2	0
20	0	.....	30	0	0	2	0	0	2	6
30	0	.....	50	0	0	2	6	0	3	6
50	0	.....	100	0	0	3	6	0	4	6
100	0	.....	200	0	0	4	6	0	5	0
200	0	.....	300	0	0	5	0	0	6	0
300	0	.....	500	0	0	6	0	0	8	6
500	0	.....	1000	0	0	8	6	0	12	6
1000	0	.....	2000	0	0	12	6	0	15	0
2000	0	.....	3000	0	0	15	0	1	5	0
3000	0	.....	——		1	5	0	1	10	0

Foreign Bills drawn in sets.

				s.	*d.*	
Not exceeding	.....	£100	.....	1	6	each bill.
Exceeding £100	not exceeding	200	.....	3	0	
200	.....	500	.....	4	0	
500	.....	1000	.....	5	0	
1000	.....	2000	.....	7	6	
2000	.....	3000	.....	10	0	
3000	.....	——	.....	15	0	

If a woman accepts a bill, and is married before it becomes due, her husband may be sued for the amount, but she cannot. If a bill be indorsed to a woman, who afterwards marries, her husband must endorse the bill, unless she indorses it as the agent, and by the

authority of her husband. Should she have occasion to sue any of the antecedent parties to a bill, the action must be brought in the name of the husband, or else in the joint names of the husband and the wife. If a woman who is actually married accepts a bill by and with the authority of her husband, the acceptance is binding on the husband; but if she accepts a bill without his authority, he cannot be legally compelled to pay it, unless it were given for articles necessary to her support.

A person under twenty-one years of age, whether accepter, drawer, or indorser of a bill of exchange, cannot be sued at law, except the bill be drawn upon him for necessaries; but if he draw a bill, and transfer it to a third person, the third party may sue the accepter. The term "necessaries," is generally considered to include not only those things which are essential to existence, but those also which are suitable to the rank of the party. Many articles are considered necessary to the son of a nobleman, which would not be necessary to a man of an inferior station in society.

If the drawee refuse to accept a bill, the holder may immediately bring an action for the amount against all the other parties, without waiting until the bill becomes due. And should the word "at" be written before the name of the drawee, it makes no difference, especially if it be written in such a manner as if designed to escape observation. But it is the practice of the London bankers to hold bills refused acceptance, and merely give notice of the circumstance to the party who sent it to the bank. If, however, it be an Inland bill, drawn after sight, the bill is noted for non-acceptance. If it be a Foreign bill, it is protested, and the protest sent to the last indorser. If the bill be not paid when due, it is then protested for non-payment, and with the second protest returned to the last indorser. When a bill is drawn after sight,

the day on which it is noted or protested for non-acceptance, is regarded as the day on which the drawee has seen it, and the time on which it will become due is calculated accordingly.

If the accepter, drawer, and all the indorsers to a bill become bankrupts, the holder may prove for the full amount under each commission, and receive a dividend under each, provided he do not receive altogether more than twenty shillings in the pound. But if he receive a dividend under one commission before proving under the others, he can only prove for the balance.

If a bill be lost, immediate notice should be given to the accepter, and to the bankers or other parties at whose house it may be made payable. If after such notice they pay the bill to any person who had not given value for it, they are accountable to the loser. But a person who had given value for a lost or stolen bill, to a thief, or to a finder, can recover the amount from all the parties in the same way as though he had received it in the course of business from the last indorser, provided the bill was not specially indorsed. But if it was specially indorsed, and the thief or finder should have forged the indorsement, the holder cannot recover the amount, even though he may have given value for the bill, but he must sustain the loss.

If a lost bill should have been specially indorsed, or if the loser can prove that the bill has been destroyed, he can bring an action against the accepter for the amount. But if he cannot prove that the bill is actually destroyed, and it was indorsed in blank, he cannot recover from the accepter. For it is possible that a finder may pass it for a valuable consideration to another party, who would thus be a *bona fide* holder, and might compel the accepter to pay him the amount. In this case, therefore, the loser has no redress in *law*, but he may apply to a court of equity, and might obtain an order upon the accepter to pay the

amount of the lost bill upon receiving a satisfactory indemnity. The loser of a bill should cause payment to be demanded from the accepter the day it falls due, and give notice of dishonor to the drawer and indorsers, in the same way as though he had the bill in his possession.

A country banker gave change for a Bank of England note for £100 which had been stolen. It was done at the time of the races, and immediately on opening the bank. The party who brought it stated he had some bets to pay at the race course, and gave a fictitious address, which was written on the note. The loser of the note brought an action against the banker, and recovered the amount. The judge who tried the cause, stated that in his opinion there had been laches, *i. e.* neglect on the part of the bankers in not making further inquiry, and under his direction the jury returned a verdict for the plaintiff.

Any material alteration of a bill of exchange vitiates the bill, and it cannot be legally enforced against any of the parties, unless the alteration be made before the bill be accepted, and also before it has passed out of the hands of the drawer.

Thus, if a bill be left for acceptance by the drawer, and the drawee alter the date, time, or amount of the bill, and then accept it, the alteration does not affect the validity of the bill: but if the bill be left for acceptance by a third party, and the drawee then alters and accepts the bill, the bill is vitiated. Any alteration in the date, sum, time, name of drawer or payee, or appointing a new place of payment, is a material alteration, and requires a new stamp. But any alteration made only with a view of correcting a mistake does not vitiate a bill, provided it be made with the concurrence of all the parties. If a drawee accepts a bill, and before he gives the bill out of his possession, cancels his acceptance, he cannot be compelled to pay it.

A bill must be presented in *reasonable* time. But what is a *reasonable time*, is a question of consideration for the jury, and the decision has varied according to circumstances. If a bill be presented at a banker's after the hour of business, the presentment is not in reasonable time. Nevertheless such a presentment is a legal presentment, if the banker or any person on his behalf should be there to give an answer to the party presenting it.

Cheques and notes payable on demand, should also be presented for payment within a *reasonable time* after they are received. It has been held that a person who receives a cheque is not bound to present it at the banker's till the next morning; and if the bank was at a distance he was not bound to put the cheque into the post-office until the next day. But, perhaps, it would not be safe to rely upon these decisions. No general rule can be given; for the time which may be *reasonable* in one case may be unreasonable in another.

If a banker receive a bill or note by post, he is not required to present it until the next day.

In the following case it was decided that the presentment of a bill of exchange at the clearing-house is a legal presentment.

"On the 11th September, between one and two o'clock, the defendants gave the plaintiffs a cheque upon Bloxam and Co. then bankers, in payment for goods. The plaintiffs lodged the cheque with Messrs. Harrison, then bankers, a few minutes after four; and they presented it between five and six to Bloxam and Co., who marked it as good. It was proved to be the usage among London bankers, not to pay any cheque presented by or on behalf of another banker after four o'clock, but merely to mark it if good, and pay it next day at the clearing-house. On the 12th at noon, Harrison's clerk took this cheque to the clearing-house, but no person attended for Bloxam and Co., who stopped payment at nine on that morning, and the cheque was therefore treated as dishonored. The plaintiffs in going with the cheque to Harrisons', passed Bloxam's house. On a case stating these facts, the court held that there had been no laches in the plaintiffs in not presenting the cheque to Bloxam and Co. on

the 11th for payment, or in his banker's, in not presenting it at the banking-house, but merely at the clearing-house, and therefore gave judgment for the plaintiff." (*Bayley on Bills of Exchange.*)

Bills may be negotiated after they are due, but the party receiving an over-due bill cannot acquire a claim which the party holding the bill did not possess. For instance, one party may draw an accommodation upon another. As in this case no value had been given, the drawer could not sue the accepter for the amount. But if the drawer had passed this bill *for value* to a third party *before it became due*, that party could sue the accepter. But if the drawer passed it to a third party even for value *after it became due*, the third party could not sue the accepter, but would stand in the same situation as the drawer.

If a party lodge bills with a banker for the purpose of being collected, and the amount when received to be placed to his credit, and the banker gets them discounted, and applies the money to his own use, the customer has no redress except against the banker. The party who has given value for the bills to the banker can enforce payment of them.

As the giving notice of the dishonor of a bill or cheque is of considerable practical importance, I shall make a few extracts upon the subject from Mr. Justice Bayley's Treatise on Bills of Exchange.

"Though no prescribed form be necessary for notice of the dishonor of a bill or note, it ought to import that the person to whom it is given is considered liable, and that payment from him is expected.

"And the notice ought to import that the bill or note has been dishonored: a mere demand of payment and threat of law proceedings in case of non-payment is not sufficient.

"Especially if such demand be made on the day the bill or note becomes due.

"Notice must be given of a failure in the attempt to procure an acceptance, though the application for such acceptance might have been unnecessary; otherwise the person guilty of the neglect may lose his remedy upon the bill.

" The notice must come from the holder, or from some party entitled to call for payment or reimbursement.

" A notice from the holder or any other party will ensure to the benefit of every other party who stands between the person giving the notice, and the person to whom it is given. Therefore a notice from the last indorsee to the drawer, will operate as a notice from each indorsee.

" It is, nevertheless, prudent in each party who receives a notice, to give immediate notice to those parties against whom he may have right to claim; for, the holder may have omitted notice to some of them, and that will be no protection; or there may be difficulties in proving such notice.

" A notice the day the bill or note becomes due is not too soon; for though payment may still be made within the day, non-payment on presentment is a dishonor.

" To such of the parties as reside in the place where the presentment was made, the notice must be given at the farthest by the expiration of the day following the refusal: to those who reside elsewhere, by the post of that or the next post day. Each party has a day for giving notice, and he is entitled to the whole day; at least, eight or nine o'clock at night is not too late. He will be entitled to the whole day, though the post by which he is to send it goes not within the day.

" And though there be no post the succeeding day for the place to which he is to send. Therefore, where the notice is to be sent by the post, it will be sufficient if it be sent by the post of the following day. Or, if there be no post the following day, the day after.

" Where a party receives notice on a Sunday, he is in the same situation as if it did not reach him till the Monday; he is not bound to pay it any attention till the Monday; and has the whole of Monday for the purpose. So, if the day on which notice ought thus to be given be a day of public rest, as Christmas-day or Good Friday, or any day appointed by proclamation for a solemn fast or thanksgiving, the notice need not be given until the following day.

" And it has been held that where a man is of a religion which gives to any other day of the week the sanctity of Sunday, as in the case of the Jews, he is entitled to the same indulgence as to that day.

" Where Christmas day, or such day of fast or thanksgiving, shall be on a Monday, notice of the dishonor of bills or notes due or payable the Saturday preceding need not be given until the Tuesday.

" And Good Friday, Christmas-day, and any day of fast or thanksgiving shall, from 10th April, 1827, as far as regards bills or notes, be treated and considered as Sunday.

" But these provisions do not apply to Scotland.

" If the holder of a bill or note place it in the hands of his banker, the banker is only bound to give notice of its dishonor to his customer, in like manner as if the banker were himself the holder, and his customer were the party next entitled to notice.

" And the customer has the like time to communicate such notice, as if he had received it from a holder.

" And therefore by thus placing a bill or note in a banker's hands, the number of persons from whom notice must pass is increased by one.

" Thus notice sent by a London banker to a London customer, the day after the dishonor, is in time; and if the customer communicate that notice the day following, that will be in time also.

" It is no excuse for not giving notice the next day after a party receives one, that he received his notice earlier than the preceding parties were bound to give it; and that he gave notice within what would have been proper time if each preceding party had taken all the time the law allowed him. The time is to be calculated according to the period when the party in fact received his notice. Nor is it any excuse that there are several intervening parties between him who gives the notice, and defendant to whom it is given; and that if the notice had been communicated through these intervening parties, and each had taken the time the law allows, the defendant would not have had the notice sooner.

" Sending a verbal notice to a merchant's counting-house in the ordinary hours of business, at a time when he or some of his people might reasonably be expected to be there, is sufficient; it is not necessary to leave or to send a written notice, or to send to the house where he lives. Sending notice by the post is sufficient though it be not received; and where there is no post, it is sufficient to send by the ordinary mode of conveyance.

" And it is not essential the notice should be sent by the post where there is one; sending to an agent by a private conveyance, that he may give the notice, is sufficient, if the agent give the notice, or take due steps for the purpose, without delay.

" Notice to one of several partners, is notice to all: and when a bill has been drawn by a firm upon one of the partners, and by him accepted and dishonored, it is unnecessary to give notice of such dishonor to the firm; for, this must necessarily be known to one of them, and the knowledge of one is the knowledge of all.

" Upon an acceptance payable at a banker's, notice of non-payment need not be given to the accepter; for, he makes the bankers his agents; presentment to them is presentment to him.

" A person who has been once discharged by laches from his liability on a bill or note, is always discharged. And, therefore, where two or more parties to a bill or note have been so discharged, but one of them, not knowing of the laches, pays it, he pays it in his own wrong, and cannot recover the money from another of such parties."

Bills of exchange form a large proportion of the circulating medium of Lancashire, and supply the place of

country notes. The following account is given by J. Gladstone, Esq. M. P.

"We sell our goods, not for payments in cash, such as are usual in other places, but generally at credits from ten days to three months, to be then paid for in bills on London at two or three months date; those bills we pay to our bankers, and receive from them bills or cash when we have occasion for either, to make our payments. The bank notes or gold we require for our ordinary purposes and charges of merchandize of every description. The account is kept floating. The interest on both sides is calculated at the same rate, at present five per cent. Last year the rate was reduced to four; and the banker charges a commission of a quarter per cent. on the amount of one side of the account; that charge is his remuneration, and that of his bankers in London, for paying our acceptance there, both inland and foreign. The account fluctuates, depending on the confidence the banker may have in his customers; if that confidence is entire, the customer is occasionally in his banker's debt, but more frequently the balance is in his favour.

"Does that extend to the whole of Lancashire? I believe the system at Manchester, Preston, and the other principal towns, is similar; I am not aware of any other. There are some small country bankers in the neighbourhood of Manchester, who issue promissory notes, but I do not know any thing of their practice: none of the more respectable banks in Lancashire do issue them."—(*Lords*, 216. *Gladstone.*)

"If I sell a thousand pounds' worth of goods to a wholesale grocer, or any other person who again distributes them to his customers in the country, when he comes to pay me the £1,000 he will do so in bills, running from £10 to any other sum; the £1,000 may be paid in twenty or thirty bills of exchange, drawn on London, and generally at two and sometimes three months date."—(*Lords*, 227, *Gladstone.*)

Mr. Loyd, of the firm of Messrs. Jones, Loyd, and Co. estimated in 1826, that the circulation of Manchester consists of nine parts bills of exchange, and the tenth part gold and Bank of England notes. Others think, the proportion is as high as twenty to one, or even fifty to one* Mr. Loyd stated he had seen bills of £10 with 120 indorsements upon them; and when the stamp duties were lower, bills were drawn of a

* See Evidence of Lewis Loyd, Esq. and of Mr. Henry Burgess, before the Committee of the House of Lords, pp. 294, 298.

less amount. He gives the following *criteria* of accommodation bills. "Bills that are issued for speculation generally travel to London very rapidly, with very few indorsements upon them; they are wanted to be converted into bank notes immediately, and come quite clean, and without any marks of negotiation upon them; and besides that we know the parties upon them pretty well." In Scotland an accommodation bill is called a wind bill.

SECTION VII.

CASH CREDITS.

A cash credit is an undertaking on the part of the bank to advance to an individual such sums of money as he may from time to time require, not exceeding in the whole a certain definite amount, the individual to whom the credit is given entering into a bond with securities, generally two in number, for the repayment on demand of the sums actually advanced, with interest upon each issue from the day upon which it is made.

Cash credits are rarely given for sums below one hundred pounds; they generally range from two to five hundred pounds, sometimes reaching one thousand pounds, and occasionally a larger sum.

A cash credit is, in fact, the same thing as an overdrawn current account, except that in a current account the party overdraws on his own individual security, and in the cash credit he finds two sureties who are responsible for him. Another difference is, that a person cannot overdraw his current account, without requesting permission each time from the bank; whereas the overdrawing of a cash credit is a regular matter of business, —it is in fact the very thing for which the cash-credit

has been granted. The following advantages have been ascribed to the cash credit system.

1. Cash credits enable young men of good character to acquire wealth and respectability.

"I have known many instances of young men who were starting in the world from low situations—of servants, who have conducted themselves well during the time they were apprentices—or farm servants even who were able to procure an account from a bank by means of some friends or acquaintances becoming their securities, that in the course of their business have raised themselves to situations by becoming farmers of considerable extent, or manufacturers in a way highly creditable to themselves and beneficial to the country.

"Without cash credits, sober, attentive, and industrious people would not have the means at all of following up what they very deservedly might be encouraged to follow up; they begin the world, in all probability, with a mere trifle, which trifle they have been known to make by their own industry. Having made that, it recommends their character to persons of, perhaps, a little more fortune, who, to encourage them, become sureties for their cash accounts.

"The classes of persons who have cash credits, are very various; but they are generally the industrious classes of persons—merchants, and traders, and farmers.

"The accommodation is more readily given to a small than to a large amount—the bank preferring to grant ten credits for £100 than one for £1000, thereby demonstrating that their accounts are quite as much for the assistance of the poor as for the accommodation of the rich."

2. Cash credits furnish great facility to tradesmen and others in carrying on their business, either in the way of raising money,—in making purchases,—or in employing at particular seasons, their surplus capital.

"Is the advantage to the party borrowing greater under the system of cash credit than under the system of lending in the ordinary mode?—Infinitely.

"Why?—As to the question of actual pounds, shillings or pence, paid in the shape of interest, there is in the first place this difference, that when he discounts a bill he pays the interest on the sum for three months, if that be the currency of it; should any accidental mercantile transactions throw into this individual's hands, on the next day, the same amount which he had thus received from the banker, he has lost the benefit of the transaction, because he must keep this; if he has a deposit account with the banker he must keep it at banker's

interest, while he is anticipated by having paid to the banker three months discount interest on his bill ; if a trader were to take his money systematically by discounts instead of by cash accounts, a disadvantage to him would arise. The same principle applied to small sums ; if half or a quarter, or any part of the advance which he may have received upon the cash account comes into him, he immediately lessens the advance by paying it into the bank, and the interest being calculated at the close of the account, there is a progressive account of interest diminishing with the principal sum till it is extinguished. So far as to actual benefit of interest ; but the convenience of getting money when wanted affords a very material advantage independent of the actual benefit.

" What are the facilities that exist in obtaining this sort of advantage, compared with those of obtaining an ordinary loan ?—When a person applies for a cash account, which is not an immediate advance of money on the part of the bank, but a conferring of the power or privilege of drawing upon the bank to the extent specified, the person proposes two or more personal sureties : a bond is made out, and he draws as occasion requires. In this way, he has never more from the bank than is absolutely necessary for the purposes of his business. The account is never recalled, unless it has ceased to be beneficial to the bank, by having been but little operated upon, and thus not having promoted the circulation of the bank's notes. Whenever it becomes a dead advance, the bank calls it up. In the case of a person obtaining a loan, he would probably, in the first place, have to pay the interest down at once ; he would have to pay it upon the whole sum, whether he should require it ultimately or not, and it would be liable to be recalled by the lender at his pleasure."—*(Commons, 205.)*

" The person who procures a cash credit, does so upon the security of two or three substantial individuals. He may be a man of little property, but upon that security he gets a credit, perhaps, of £500—his bill to any thing like that amount without those securities, would not be discounted.

" After the permanent credit is given, the option of using it lies solely with the borrower, not with the bank, as does also the option of the period of repayment.

" If a small trader borrow of an individual (not a banker) £100, that individual would not be disposed to receive back his money in £5, or £10, or £15—he would wait till the term expired, when he would receive the whole. When a credit is granted, the individual, perhaps, draws out £50 to-day and pays in £40 to-morrow, and goes on in that way, always having credit with the bank to the extent originally stipulated.

" The repayment as well as the overdraught is permitted by the bank to be made in small sums piecemeal : so that by attention in his repayment, the borrower saves himself from paying interest on more than the precise advance for which he has occasion at the moment, and can constantly convert to a safe and profitable purpose the money

which he may receive in the course of his trade, however small the amount.

"These advantages are steadily and uniformly afforded at all times to the industrious tradesman, or farmer, the merchant, the professional man, and the landlord."

3. Cash credits supply capital for carrying on extensive branches of trade, employing the population, and constructing public works.

"Cash credits for small sums enable the poor to be as instrumental, as far as their means go, in increasing the capital of the country as the rich are. For the produce of that industry which cash account credits enable to operate, and of that capital which they leave at liberty to be employed in trade, goes to increase the real wealth and capital of the country; and a great proportion of the transactions, carried on through the instrumentality of cash accounts, consist of those of the poorer classes.

"I apprehend that those cash credits have enabled a large number of manufacturers to carry on business, and to employ the population of the country, who if they had not such credits, could not have carried on such business, nor employed such population.

"Cash credits are granted to almost all descriptions of persons throughout the country. Every young man who has a prospect of success on entering life, applies for a cash credit. A great many gentlemen have cash credits, and a great many farmers. There is hardly any public work undertaken in Scotland that the first object is not to apply for a cash credit, to carry it on to advantage. All the roads in Scotland are managed by Parliamentary trustees; and I believe, there is hardly any one of those sets of trustees which have not cash accounts for the purpose of carrying on their operations. I am sure many of the most important public works in Scotland would not have been carried on, or certainly not with the same advantage, but for the credits they obtain from the banks."

4. Cash credits prevent large manufacturers setting up as bankers, and thus they exclude those evils which in other countries have resulted from the failure of private banks.

"When the system is applied to the case of large manufacturers, employing hundreds or thousands of workmen, and possessing a cash credit to a proportionate amount, upon sufficient security, one obvious effect is, that the temptation is removed from the manufacturer of attempting to issue notes, and becoming himself a banker—an error or temptation which, if what is said is true, has been the main cause of the institution of many insufficient English bankers, whose part-

ners, from being good traders, became bad bankers, and brought upon their own district the distress which bad banking sooner or later always produces."

5. Cash credits have a considerable moral influence upon the habits and character of the people.

"The security afforded to a bank by its debtor, or rather its customer on a cash credit, is by bond with two sureties at the least—occasionally there are not two sureties, but frequently many more; the practical effect of which is, that the sureties do, in a greater or less degree, keep an attentive eye upon the future transactions and character of the person for whom they have thus pledged themselves. And it is, perhaps, difficult for those who are not intimately acquainted with it to conceive the moral check which is afforded upon the conduct of the members of a great trading community, who are thus directly interested in the integrity, prudence, and success of each other. It rarely indeed, if ever, happens, that banks suffer loss by small cash credits.

"This system has a great effect upon the moral habits of the people, because those who are securities feel an interest in watching over their conduct, and if they find they are misconducting themselves, they become apprehensive of being brought into risk and loss from having become their securities, and if they find they are so misconducting themselves, they withdraw the security.

"Sometimes cash credits are recalled from the interference of the securities. They have the power of knowing from the bank at any time the state of the account, and the operations upon it; and if from that, or from other circumstances, they have been led to think less favorably of the person for whom they gave the security, they can immediately cease to allow that account to be farther operated upon."

The Report of the Committee of the House of Lords contains the following observations upon the effects of cash credits:—

"There is also one part of their system which is stated by all the witnesses, (and in the opinion of the Committee very justly stated) to have had the best effects upon the people of Scotland, and particularly upon the middling and poorer classes of society, in producing and encouraging habits of frugality and industry. The practice referred to is that of cash credits. Any person who applies to a bank for a cash credit, is called upon to produce two or more competent securities, who are jointly bound; and after a full inquiry into the character of the applicant, the nature of his business, and the sufficiency of his securities, he is allowed to open a credit, and to draw upon the bank for the whole of its amount, or for such part as his daily transactions may require. To the credit of this account

he pays in such sums as he may not have occasion to use, and interest is charged or credited upon the daily balance as the case may be. From the facility which these cash credits give to all the small transactions of the country, and from the opportunities which they afford to persons who begin business with little or no capital but their character, to employ profitably the minuted products of their industry, it cannot be doubted that the most important advantages are derived from the whole community."

As by cash credits the banks render themselves liable to be called upon at a moment's notice for the amount of the credit granted, it is natural to suppose that they contemplate some advantage in return. The advantage contemplated is the circulation of their notes. It is not intended that the cash credit shall be a dead loan of capital. It is expected that there shall be a perpetual paying in and drawing out of money, and the smaller the denomination of the notes drawn out, the more advantageous is the account to the bank. Manufacturers who pay away large sums every week in wages, linen-buyers, and cattle-dealers, millers, and provision-merchants, who make their purchases in small sums, and generally all those who have quick returns of money passing through their hands, have the means of making a cash credit profitable to the bank. On this subject I again quote the evidence: -

"To secure to the bank the advantages of circulation, which is to make it worth while to afford these facilities at so little expense to their customers, he on his part is to lose no opportunity of bringing to the bank, and thus withdrawing from circulation, the notes of every rival bank which comes into his hands in the course of his transactions: or, of paying away, and thus introducing into circulation as many of the notes of the bank as his transactions admit of, always £1 notes if possible. The payments and receipts must be frequent, for in this consists the banker's profit, inasmuch as the payments are uniformly made by him in his own notes, and the receipts are generally, in a very great degree, in the notes of other banks. Thus, supposing a shopkeeper to have a credit for £50 or £100, if his receipts and payments average £5 per day, he may, in six months, or 150 days, have placed 750 of his banker's £1 notes in circulation.

"It is quite necessary, in order to render a cash account beneficial, that there should be repeated and continued operations upon it;

that the transactions should be numerous: that there should be a continual drawing out and paying in of money; and that, by these means, a circulation of the bank notes may be promoted; otherwise the account is withdrawn, and the great reason of this is, that these accounts are not intended to form dead-loans, but to be productive of circulation to the bank.

"The explanation of the cash credit system is this:—The bank, who first opened a cash credit, opened it with an individual shopkeeper. He received payment of his goods in the currency of the country. Previous to that system he used to put his currency into his drawer, eight or ten pounds, or whatever it was. If people brought him larger money to pay for his goods, he returned those people change, or if he did not he kept it until he wanted to purchase for himself. But, after the banker had explained to him what he wished him to do, when the shopkeeper received the currency of the country, instead of putting it into his till, he looked to the banker's shop as his till, and handed it over to the banker, and left his own till with only the change which he could not do without. Then when he required sums to pay away, instead of taking them from his till, he sent to the bank and took from it what he required, the banker giving him his own notes. So much of the previous currency was thus removed, and the banker's notes taken in its place. That was the effect of the first operation, when the thing was only in so simple a state that there was only the notes of one bank and a metallic circulation. If you apply the same principle where there are thirty banks, the result would be the same.—The amount of the circulation of the country continues the same, but the proportion between its parts vary."

SECTION VIII.

DEPOSITS.

A sum of money deposited or placed in a bank is called a deposit. Some banks grant interest on these deposits, others do not. The London bankers allow no interest on deposits, but the English country bankers usually do. The Scotch banks have carried this practice to the greatest extent; and the deposit system forms a very important branch of the banking system in Scotland.

Those regulations which the banks have established

as the rule of their transactions between themselves and the depositors are the following :—

The depositor may place in the bank any amount of money he pleases above £10.

The whole or any part of the deposit may be withdrawn at the pleasure of the depositor without previous notice.

Interest is allowed on the deposit from the day it is lodged in the bank until the day it is drawn out.

The balance of a current account is allowed interest at the same rate as though it were a permanent deposit.

The following are the advantages ascribed to the deposit system :—

1. The system of deposits is advantageous to the lower classes—in providing a place of safety for their deposits—in granting them interest on their savings—in encouraging habits of frugality—and thus often enabling them to advance in society.

"The deposit branch divides itself into two parts.—There is first, what is called a running account, where the party pays in from day to day, the whole surplus funds in his hands, and on which he receives interest. These depositors are, in general, shopkeepers, and merchants, and traders, more particularly in large towns; and in these deposit accounts there is found at their credit at the close of every day, the whole amount of the money for which they have not immediate employment in their trade. The second branch of deposits consists of small sums placed in the hands of the bank at interest, which have been in general the savings of their industry, and which are put into the hands of the bank to accumulate, and on which they may operate not in the way of a running account. They may receive a partial payment whenever they please; and in general these deposits are very seldom removed, excepting when an individual has occasion to build a house or begin business. This class of deposits is distinguished from running accounts by the name of deposit receipts."—(*Lords' Report*, p. 80.)

"What class of the community is it that makes the smaller deposits?—They are generally the labouring classes in towns like Glasgow. In country places, like Perth and Aberdeen, it is from servants and fishermen, and just that class of the community who save from their earnings in mere trifles small sums till they come to be a bank deposit. There is now a facility for their placing money in the Provident Banks, who receive money till the deposit amounts to £10. When it amounts to £10, it is equal to the minimum of a

bank of deposit. The system of banking in Scotland is just an extension of the Provident Bank system. Half-yearly or yearly these depositors come to the bank, and add the savings of their labour, with the interest that has accrued from the previous half year or year to the principal. And in this way it goes on without being at all reduced, accumulating till the depositor is able either to buy or build a house, when it comes to be one, two, or three hundred pounds, or till he is able to commence business as a master in the line in which he has hitherto been a servant. A great part of the depositors of the bank are of that description; and a great part of the most thriving of our farmers and manufacturers have arisen from such beginnings. And in regard to the deposit receipts I may just mention what is generally the way in which they are granted. To-day a person from the country appears at the bank, it may be with £20, or £30, or £50. We probably never see him again till that day twelvemonths, but we are sure of seeing him about that very day. If he has £20 in the bank, he may come and say—there are four guineas, you will give me a receipt for £25; he knows well that the £20 has earned 16*s.* interest: and I do consider that the four guineas are just the savings of the year. He goes away with his new receipt, and returns on that day twelvemonth; then again it is added to, and thus accumulated, and so in many instances throughout the country." (*Commons' Report*, p. 159.)

2. The system of deposits is advantageous to capitalists in furnishing them with a secure mode of employment of capital, either for a longer or a shorter period at their pleasure.

"What class of persons form the large and steady depositors in the Scotch banks?—The middling and the lower order of society, industrious poor people, who are saving their money, and small capitalists who have raised a moderate sum of money upon the interest of which they live.

"Do many persons live upon the interest of their deposits, as far as you know?—Yes, a great many."—*Lords' Report*, p. 165.)

"Do you know whether it is the practice of persons who have small capitals in Scotland, to invest them in the public securities in London, or to deposit them with the banks in Edinburgh?—I believe almost universally to deposit them with a Scotch bank.

"And they live upon the interest of what they so deposit in the manner as persons here live upon their interest on stock?—Yes; they often look to the permanent capital with a view of leaving it at their death, taking the interest during their lives."—(*Commons' Report*, p. 124.)

"The deposit accounts are of two kinds—one kind from the commercial people who have large sums that they wish to keep in a disposeable form, waiting an opportunity of any investment which may

occur. Of the operating deposits there are others who keep the money until a favourable turn in the Stock Exchange enables them to invest it there. And there are others, respectable householders, who keep it for the purposes of their family expenditure. I reckon that these and the sums due upon them average one-half of the aggregate amount of a bank's deposits."—(*Lords' Report*, p. 183.)

"Have you formed any estimate of the amount of deposits in all the banks in Scotland?—I certainly have been at very great pains to get information upon the subject; and I am satisfied, that the amount is considerable above twenty millions—I should say, twenty-five millions.

"From what class of persons are those deposits chiefly?—Generally from industrious tradesmen, small shopkeepers, varying from £10 to £500. The greatest number of deposits and the greatest in their aggregate amount, are in small sums.

"Are there not, however, deposits from richer classes, and each of them to a much larger amount?—Certainly, there are deposits from £1000, to £20,000, and £30,000."—(*Lords' Report*, p. 231.)

"In the spring of 1824, the banks in Scotland began, in some instances, to decline accepting deposits at all.—In the autumn of 1824, the great banks made an express rule that they would not accept more than £5,000 from any one depositor. They allowed $2\frac{1}{2}$ per cent. on the first £3,000, and 2 per cent. upon the remainder of the £5,000, and above that they would not allow any interest. That was the general rule with the great banks at that period. There were many people who preferred leaving their money, though they received little or no interest, to taking it away. That commenced in 1825."—*Lords' Report*, p. 158.)

3. The system of deposits is advantageous to the country—by augmenting the amount of national capital—by increasing the demand for labour—by granting facilities to trade and commerce—and by removing the temptations to engage in hazardous speculations and foreign investments.

"This system was adopted before the middle of the last century. The rate of interest allowed since then has been regulated by the value of money, and has, of course, fluctuated considerably; but it has ever been such as to afford as high a return to the depositor, as has been consistent with the reasonable profit, and of course the security of the bank. The effect of this system has been to encourage and to afford the means of the accumulation of capital among the lower, as well as the higher orders, by placing within the reach of all, a convenient, safe, and moderately profitable investment of money, and to offer an inducement to capitalists to retain their accumulations in Scotland, notwithstanding the opportunities or temp-

tations which foreign investments might hold out."—(*Lords' Report*, p. 175.)

"The system of deposit accounts, I think, is a very great stimulus to the habits of industry, and economy, and frugality, in Scotland. The whole surplus capital of the individual is thus rendered productive.

"Under the system on which you conduct your business, is not the money arising from those deposits issued out, to encourage the farther consumption of labour in the country?—Yes.

"It would be a loss, then, to the country, if it was to be removed from the channel in which it is now placed, into this country, on government debentures?—It certainly would.

"Under this system does not the poor workman gain immediate interest for his saving, whilst the saving is immediately employed through the bank in putting a farther portion of labour into motion? Precisely so. It is in this way that the wealth of those individuals is concentrated, and through the agency of the bank is brought to bear in carrying on the business of the country."—(*Lords' Report*, p. 283.)

"Is there not an advantage to the public from the gathering of those small capitals together, forming part of the deposits of the bank, and so being sent out again in large sums, like other capitals, for the purpose of being applied to increase the powers of productive industry?—The Scotch banks form a sort of reservoir for receiving the small sums of capital scattered throughout the community, and then sending them forth into channels of trade, so as to promote the commerce, manufactures, and agriculture of the country."—(*Commons' Report*, p. 203.)

"Are you of opinion that if the deposits with the banks of Scotland were considerably lessened, the banks could afford the same accommodation by discounts, which they do at present? I should think that is impossible, because it forms part of their capital. It would diminish the capital which is at present employed in that business, of which discounting forms a great part.

"Would not any such diminution of discount operate injuriously to the general trade of the country?—The want of those discounts must diminish the trade of the country, inasmuch as the manufacturer and merchant receives his money at least three months sooner by discounting their bills, than he could possibly get payment of his account."—(*Lords' Report*, p. 266.)

"The system of deposits forms a great part of the funds arising from our banking system. It is a great deposit of money which is given out to the trade of the country, for the profit of one per cent. for which the bank runs the risk of its business. If that great deposit were withdrawn, and could not be issued with the same degree of safety, I conceive the consequences would be a total derangement of the whole system, and ruin of our country."—(*Lords' Report*, p. 235.)

"If the banks are under the necessity of reducing the interest on deposit accounts, the depositors must look about them and find out

on what security they can lend their money so as to obtain a higher rate of interest. It would certainly diminish the capital of the trading part of Scotland, inasmuch as the banks would not have it in their power to assist them in trading by discounting, but it might be lent on government securities or landed property, and the temptation of a higher interest from individuals would, undoubtedly, be a temptation to many, and a temptation that could scarcely be resisted by those whose income depends entirely upon the interest of that lent money, to lend it on personal and doubtful security.

" When the banks reduced their interest some time ago, a great part of the deposits was drawn out, to be invested in various different ways. And as the depositors did not get from the banks the interest on which they were depending, and did not choose to make a less interest, many of them went into schemes, which have turned out very ruinous to them. It has been one great cause of over speculation, that the people did not get the interest they had been accustomed to from the banks. They, therefore, drew it out to invest it in joint stock companies, lent it to builders, or other inferior securities, or became builders themselves."—(*Lords' Report*, p. 250.)

4. The system of deposits is advantageous to the banks—by inducing every person to deposit his money in a bank—by furnishing the banks with capital to carry on their business—and by putting in circulation a large amount of their notes.

" The universal practice at Glasgow is, to pay into the bank with which the individual transacts his business, the whole of the notes he has in his possession, or nearly the whole, every day."—(*Commons' Report*, p. 50.)

" Unquestionably, the giving of interest upon deposits, is an inducement to every person that has any surplus money in his hands, to place in the hands of his banker. And in the same way in the case of cash accounts, every payment by the holder of a cash account into the bank, either diminishes the interest he has to pay to the bank, or if the account should turn in his favour, enables him to get interest from the bank, and that is a great inducement for every person to pay in daily into his banker's hands all the money which he does not require for the purposes of his business."—(*Commons' Report*, p. 201.)

" The means of a bank I conceive to consist of three things—first, capital paid in its own stock—secondly, the notes which the bank is able to keep afloat in the circle—thirdly, the amount of the deposits."—(*Lords' Report*, p. 195.)

" And if the amount of deposits were lessened, in that case their means of issuing money upon discount would be proportionably lessened ?—Yes."—(*Commons' Report*, p. 150.)

" Every bank constituted as the banks of Scotland are, make advances in two ways.—They make them upon cash credits, and they make them upon the discount of bills. They also borrow in two ways.—They borrow upon deposit-receipts, and they borrow also upon accounts current. That is, if a gentleman opens an account, and puts an £100 to his credit, and operates upon it, drawing out a part of it, leaving a balance in the hands of the bank, then is there a borrowing to the extent of the balance that is so left. Those accounts we do not allow to be overdrawn, so that the advance is in two ways, and the borrowing in two ways—that is, in two different forms."—(*Commons'*, 180.)

" In the case of small depositors a considerable part of the profit arising from the deposit of that money is the circulation of the notes. When a depositor withdraws his money from the bank he receives it in the notes of the bank, and, of course, they go into circulation. As long as they remain out they are a source of profit."—(*Com.* 45.)

" The bank issue their notes two ways ; they make advances upon cash accounts, and they make advances upon discounts. They also issue their notes in payments upon accounts current, and also in the re-payment of deposit receipts."—(*Lords'*, 236.)

" The deposit and cash accounts are the instruments for supporting our circulation, and without the continued operations upon the deposits and cash accounts our circulation cannot be maintained."—(*Lords'*, 135.)

SECTION IX.

BANKING TERMS.

Query I.—Is the word Bank a singular or a plural noun ?

The word BANK being a noun of multitude may have verbs and pronouns agreeing with it in either the singular or the plural number, yet not without regard to the import of the term as conveying unity or plurality of idea. In the use of this term the following rules are usually observed :—

1.—When any operation or feeling of the mind is ascribed to a bank, the verbs and pronouns are placed in the plural—as, " The bank *were anxious* to meet the wishes of the public." " The bank *have con-*

curred in the measure proposed." Are you one of the persons who tried the question with the Bank of Ireland whether *they conceived themselves* bound to pay in gold at *their* branches?" "The Bank of England petitioned against this bill, and *were* heard by *their* Counsel, but *their* representations produced no effect, and the bill having passed through both houses, received the Royal assent." The following examples, wherein mental operations are ascribed to a neuter pronoun, are violations of this rule. The bank *allows* the party having the cash credit to liquidate any portion of his debt to the bank at any time that may suit his convenience, and reserves to *itself* the power of cancelling whenever *it shall think fit* the credit granted." "It is usual for the bank when *it* gives a cash credit *to keep a watchful eye* over the person having that cash credit."

2.—When a reference is made to a bank merely as an institution, the term is considered to belong to the singular—as, "The Bank of Scotland continued the only bank from the date of *its* establishment in 1695 to the year 1727. In that year a charter of incorporation was granted to certain individuals named therein for carrying on the business of banking under the name of the Royal Bank, and subsequent charters were granted to this establishment, enlarging *its* capital, which now amounts to one million and a half." "The National Bank of Scotland *has* 1238 partners." "If this measure be carried into effect, the Provincial Bank must instantly be deprived of any sufficient means of reimbursing *itself* for the heavy expense to which *it has* been subject." *Has* your bank an establishment at Kirkcudbright?" "The Bank of England *has* the control of *its* issues entirely within *itself*."

3.—When we notice the rules or habitual acts of a bank, the word belongs to the singular—as, "The Provincial Bank *allows* interest at the rate of two per cent." "The bank *draws* bills upon London at twenty-one days after date." "The bank *discounts*

bills at the rate of four per cent." "The bank *issues* notes payable in gold at the place of issue." "The London and Westminster *grants* interest upon deposits —*it does* not allow *its* officers to receive Christmas presents from *its* customers." In reference to cases that fall under this rule, there is, however, some contrariety of praise:—"*Do* the Provincial Bank *issue* post bills? *They do* not." "Have the Bank of Ireland at *their* branch in Cork been in the habit of receiving gold to any amount in payments." *Have* the Bank of Ireland any deposits at the Cork branch? Do you know how *their* notes get into circulation? Do *they* pay any interest on *their* deposits? *They have* a great quantity of notes in circulation—*have they* not?"

4.—When the word bank is connected with a past participle by means of the neuter verb *to be*, it usually belongs to the singular—as, "I am a director of the Bank of Scotland which *is established* by Act of Parliament; *it does* not hold a charter from the Crown, but in common language *it is called* a chartered bank." "Suppose a bank *was enabled* to take six per cent. on a cash credit instead of four?" "The Falkirk Union Banking Company *has been returned* to this house as sequestrated in the month of October, 1816." "A new bank *was constituted* as a fund, upon which the sum of £2,564,000 should be raised, and *it was called* the Land Bank, because established on land securities.

5.—When the word bank is preceded by the indefinite article *a, an*—by the demonstrative pronoun *this, that*—or by the words *each, any, every, one*—it belongs to the singular, as—"Do you not think that *a* bank that *is* possessed of a capital of one million, may and will do more business than *a* bank that *is* only possessed of half a million." "In a moment of pressure, an emergency like the present, *that* bank would get into great disrepute who called up any one of *its* cash credits." "What is the amount of the small note circulation in *that* bank as connected with *its* whole circu-

lation." "*Each* bank *has* an interest to issue as much of the small note circulation as *it* can? Certainly *it has*, provided the small notes can be kept out; but as *every* bank *makes* an exchange at Glasgow twice every week, and the exchanges of *each* bank come back upon *itself*, and the balance is paid by a draft on Edinburgh at sight, &c."—"I believe almost *every* bank in Scotland *has* an agent in Glasgow." "Suppose *one* bank in Scotland made *its* notes payable in Scotland at the place where the notes were issued." "Is there *any* bank in Cork now that *issues* notes?"

6.—When the word bank is introduced in either the singular or the plural number, the same number should be preserved throughout the sentence. Hence, the following sentence of Smollett's is inaccurate. "By the same acts the bank *was* required to advance a sum not exceeding two millions five hundred thousand pounds towards discharging the national debt if wanted, on condition that *they* should have five pounds per cent. for as much as *they* might advance, redeemed by Parliament."

7.—When the word bank is used in the singular number, it is considered as a substantive of the neuter gender, and hence is associated with the relative pronoun, *which*—but when used in the plural number, it implies the idea of persons, and has accordingly the personal relative, *who*—as "the bank with *which* he kept his account *has* stopped payment;" or "the bank with *whom* he kept his account *have* stopped payment." "The bank *whose* interests are affected by the proposed measure *have* petitioned against it." The bank upon *whom* the cheque was drawn *have* refused to honor it." The following sentence is not in accordance with this rule—"In a moment of pressure, an emergency like the present, the bank would get into great disrepute *who* called up any of *its* cash credits."

I have not observed that any *English* writer, except Mr. M^c^Culloch, considered a bank to be a lady; and

this is only in the case of an Irish bank. Under the article Banking, in his Commercial Dictionary, he says, "the bank of Ireland draws on London at twenty days date. *She* neither grants cash credits, nor allows any interest on deposits; *she* discounts at the rate of £5 per cent." This mode of expression is, however, very common with American writers.

II.—Should we write *accepter* or *acceptor* of a Bill of Exchange? The name of the agent to any verb is usually formed in our language by the addition of *r* or *er* to the verb, as—*indorser*, *talker*, *walker*, *speaker*. What reason then can be assigned why in the present case we should depart from the analogy of the language? We do not say the drawor, the holdor, the payor of a bill; why then should we say the acceptor? When we speak of the accepter of a bill, why should we not spell the word in the same way as when we speak of the accepter of a present or of a fee? Yet all our English legal authors write acceptor: "A person who accepts for honor is only liable if the original drawee do not pay, and to charge such *acceptor* there must be a presentment for payment to such original drawee."—*Bayley*. "A foreign bill is binding in this country on the *acceptor*, though he accepted by parol, or by writing unconnected with the instrument."—*Chitty*. "Where the *acceptor* of a forged bill pays it, and is guilty of any negligence, or want of due caution in making such payment, he cannot recover the money so paid from the innocent party to whom he paid it."—*Roscoe*. Scotch authors however write *accepter*.—"An English inland bill has generally three parties to it—the drawer, *accepter*, and payee; whereas, in Scotland, most of the inland bills have at first but two parties, the drawer and the *accepter*, and they are made payable to the drawer or his order."*

III.—Should we write *indorse* or *endorse?* In-

* See Glen on the Law of Bills of Exchange in Scotland.

dorse is derived direct from the Latin. *In* on *dorsum* the back. *Endorse* is derived from the Latin, through the French, *endosser*. In such cases, most writers adopt the Latin mode of spelling, in preference to the French, as *indorse*, *inquire*, *intire*, not *endorse*, *enquire*, *entire*. All legal authors write indorse. "A promise to *indorse*, though on sufficient consideration, cannot be treated as an actual *indorsement*."—*Bayley*. "The liability of the *indorser* is discharged by want of notice, as in the case of the drawer."—*Roscoe*. "A person who draws or *indorses* a bill, or *indorses* a note for the accommodation of the acceptor or maker, or payee, or prior *indorsers*, has, on paying the instrument, a remedy over thereon against the acceptor or maker, or prior party."—*Chitty*. "A drawer or *indorser* cannot, in the character of *indorsee*, maintain an action against the accepter, where the indorsement is after the refusal of payment."—*Glen*.

IV.—Should we say *indorsement* or *indorsation*? —In England we always use the word indorsement. "No particular words are essential to an *indorsement*, the mere signature of the indorser is in general sufficient."—*Bayley*. "The *indorsement* may be upon the face, or at the back of the bill."—*Chitty*. "An attesting witness to an *indorsement* is necessary, when the bill is for a less sum than £5."—*Chitty*. In Scotland the term more generally used is indorsation. "If a bill or note be granted to a woman while single, and she afterwards marry, the right to transfer it by *indorsation* would vest in the husband." "After a bill has been paid no *indorsation* can take place, so as to affect the accepter, or any of the parties who would otherwise be discharged."—*Glen*. The word indorsement is also used in Scotland, though more rarely. Both words appear to have precisely the same meaning. "An *indorsation* is made either by the indorser's writing, and subscribing an order to pay the contents of the bill to

some particular person mentioned by name, which is styled, a *full indorsement*, or by merely signing his name on the bill, and delivering it to the indorsee or person to whom it is indorsed, which is termed *a blank indorsation.*"—*Glen.* "A fictitious *indorsement* to a bill is forgery; such *indorsation* is clearly giving it a false credit."—*Glen.*

V.—Should we say the *presentment* or the *presentation* of a bill of exchange? All writers agree in using presentment. "If upon the *presentment* of the bill for acceptance to the drawee, he refuse or neglect to accept it, the drawer is immediately responsible to the holder, although the bill has not become due according to its tenor."—*Chitty.* "If the bill be payable after sight, and the drawee detain it some days without declaring his intention to accept, and afterwards incline to do so, the acceptance must be from the date of the first *presentment.*"—*Glen.* "*Presentment* for payment must be made by the holder of the bill, or by an agent competent to give a legal receipt for the money."—*Glen.* "Upon a *presentment* for acceptance, the bill should be left with the drawee twenty-four hours, unless in the interim he either accept or declare a resolution not to accept. But a bill or note must not be left (unless it be paid) on a *presentment* for payment; if it be, the *presentment* is not considered as made until the money is called for."—*Bayley.*

VI.—Should we write *draught* or *draft?* This word is derived from the verb *to draw*, and probably was originally written and pronounced *drawght.* But custom, which is the law of language, has changed both the pronunciation and the spelling to *draft.* In the former editions of this work, I mentioned that Mr. Justice Bayley had always spelled this word *draught.* But in a recent edition of his work since published, I find that *draught* has been changed to *draft.*

VII.—Should we write *check* or *cheque?* This word

is derived from the French, *echecs*, *chess*. The chequers placed at the doors of public-houses, are intended to represent chess-boards, and originally denoted that the game of chess was played in those houses. Similar tables were employed in reckoning money, and hence came the expression—to check an account; and the Government Office, where the public accounts were kept, was called the Exchequer. It probably obtained this name from the French *echiquier*, a chess-board, though Blackstone states that this court was called the exchequer from the chequered cloth which covered the table. Of the two forms of writing this word *check* and *cheque*, the latter seems preferable, as it is free from ambiguity, and is analogous to EX-CHEQUER, the public treasury. It is also used by the Bank of England, "CHEQUE-OFFICE." In *Bayley* both forms are employed. "A *cheque* upon a banker was lost, and paid to a stranger the day before *it bore date*, the banker was obliged to repay the money to the loser." "By the usuage of trade, a banker in London will not render himself responsible by retaining a *check* drawn on him, provided he return it at any time before five o'clock in the evening of the day in which it was drawn."

SECTION X.

BANKING DOCUMENTS.

By banking documents, I mean such reports, bonds, deeds, letters, or other writings, as are used in connection with banking.

I. I shall notice those documents that are used in the formation of a Joint Stock Bank.

When any persons propose to form a Joint Stock Bank in any district, they procure the statistical returns of the district; such as the tables of the

population—the exports and imports—the duties paid—the returns of the sales in the various markets—and every other information respecting the trade and wealth of the district. If these prove satisfactory, they take notice of the banks already established there, and observe whether they are Joint Stock Banks or private banks—whether strong or weak—and whether likely to oppose or to join any new establishment. If the existing banks be Joint Stock Banks, the projectors procure from the Stamp-office a list of the shareholders, in order to observe the strength of their proprietory, and whether they reside chiefly in the district.

Having satisfied themselves that a new Bank would be successful, the first document drawn up is a prospectus. This document usually sets forth the great advantage of Joint Stock Banking to both the public and the shareholders, and then points out the facilities of the district in which the bank is proposed to be established. The reader will find several forms of prospectuses at the end of this work.

Previous to issuing the prospectus, some leading persons in the district are requested to become members of a provisional committee for the formation of the bank, and they obtain the assistance of an influential solicitor, to whose office the applications for shares are usually addressed. The committee then appoint a secretary, or sometimes the office of secretary is filled by the solicitor.

Attached to the prospectus is the form of an application for shares similar to the following:

_____ BANKING COMPANY.

HEAD BANK, _____.

Capital, £ _____ in _____ Shares, of £ _____ each.

APPLICATION FOR SHARES.

To the Provisional Committee of the _____ *Banking Company.*

GENTLEMEN,

I beg to apply for _____ shares in the above Bank, upon the conditions of the published prospectus. If the

shares be granted, my utmost influence shall be exerted in support of this Bank.

I am,

Your's respectfully,

Name . . .
Business or profession
Residence . . .

_____

As the applications come in, they are entered in a book prepared for the purpose. In the first column is entered the date of the application; then follow the name, profession, and residence of the applicant:—then the number of shares applied for, and in a farther column the number of shares granted. After the committee have determined what number of shares to allot to each applicant, letters are addressed to the respective parties in the following forms:—

Sir,

I am instructed by the Provisional Committee of the _____ Banking Company, to inform you, that they have allotted you _____ shares in the company; and you are requested to pay the sum of _____ upon each share to _____ where you will receive the certificate.

I am, Sir,

Your most obedient Servant,

A. B. *Secretary.*

Sir,

Your application for _____ shares in the _____ Banking Company, has been laid before the Provisional Committee, who regret, that in consequence of the numerous applications, they are unable to comply with your request.

I am, Sir,

Your obedient Servant,

A. B. *Secretary.*

The certificates granted upon receipt of the first payment on the shares are different. Some used the following form:—

_____ BANKING COMPANY.

DEPOSIT CERTIFICATE.

No.

_____ 183

This is to certify, that the bearer hereof has paid the sum of £_____ being the allotment fee of_____ per share upon _____ shares of £ _____each, allotted to him in the capital stock of the above Banking Company.

For the Provisional Committee
of the _____ Banking Company.

_____

Other banks adopt the form of a receipt thus:—

_____ BANKING COMPANY.

Received of Mr._____ on account of the above bank, the sum of £_____ being the deposit of _____ _____ per share on his being admitted a holder of _____ shares.

_____ 183

_____

After the sums have been received, a general meeting of the shareholders is called in the following form:—

_____ BANKING COMPANY.

_____ 183

Sir,

I am instructed by the Provisional Committee to inform you, that the first general meeting of the shareholders in the above banking company will be held at the _____ on _____ next, for the purpose of submitting a report of their proceedings, electing a board of directors, and adopting resolutions for the immediate constitution of the company.

"The chair will be taken at twelve o'clock.

"Lest you should be unable to attend, I annex a form of proxy for voting, the blanks of which you must fill up before it is placed in the hands of a shareholder.

I am, Sir,
Your obedient Servant,

_____ *Secretary.*

PROXY FOR VOTING.

_____ BANKING COMPANY.

I, the undersigned, a shareholder in the above Banking Company for _____ shares, do hereby appoint _____ also a shareholder therein, to vote for me, and on my behalf, at the first general meeting of shareholders, to be held in _____ on _____ instant.

Witness my hand, this _____ day of _____ 183

Name - - - -
Residence - - - -
No. of shares - - -

_____

At the general meeting the provisional committee make a report of their proceedings. Resolutions are then passed—1. That the report be received and printed.—2. That certain shareholders then named be appointed directors.—3. That the thanks of the meeting be given to the provisional committee. The bank is now formed, and the government is assumed by the directors: they appoint the manager and other officers: they prepare the deed of settlement: and they adopt the measures necessary for the commencement of business.

If the bank be formed at a greater distance than sixty-five miles from London, under the act 7 Geo. IV. c. 46. the directors must, before the opening of the bank, cause a list of the shareholders to be entered at the Stamp-office. They must also procure a license for issuing notes, and execute a bond to the King for the composition of the stamp duties. The form of this bond is obtained at the Stamp-office. All business at the Stamp-office is best done through the medium of the London engraver who prepares the notes.

II.—THE DEED OF SETTLEMENT.

This is the deed of partnership which must be signed by all the shareholders. It fixes the name of

the bank—the places where business is to be carried on, and the denomination and number of the shares. It regulates the appointment of directors—the qualifications of shareholders—and the mode of holding meetings, transferring shares, and making dividends. It also provides for the winding up of the affairs of the bank, in case it should not be successful. So many Joint Stock Banks have printed their deeds of settlement, that any new bank would find no difficulty in procuring a copy. All banks now introduce a clause, providing that if one-third or one-fourth of the paid up capital be lost, the bank shall be dissolved: and generally there is a clause authorising any alteration of the deed by two successive meetings of the shareholders specially summoned for that purpose.

III. BONDS OF SECURITY BY THE OFFICERS.

The following form may be adopted for a manager.

"Know all men by these presents, that we, *A.B.* of _____ *C.D.* of ___ *E.F.* of _____ *and G. H.*, are held and firmly bound to *W. X. and Y. Z.* in the sum of *five thousand* pounds of lawful money of Great Britain, to be paid to the said *W. X.* and *Y. Z.* or their certain attorney, executors, administrators or assigns, for which payment to be well and truly made, we bind ourselves and each of us, and any three, or two of us, and our and each of our heirs, executors, and administrators, and the heirs, executors, and administrators of any three, or two of us jointly, severally, and respectively, firmly by these presents. Sealed with our seals. Dated this ____ day of _____ in the year of our Lord, *one thousand eight hundred and thirty-six.*

"Whereas the above bounden *A. B.* has been appointed chief manager of a certain public Joint Stock Banking Company, called the _____ of which company, and for the general purposes thereof, the above-named *W. X.* and *Y. Z.* have been appointed *trustees.* And it was agreed, that on the appointment of the said to be such manager as aforesaid, he should with sureties enter into a bond to guarantee his fidelity and honest conduct while in the service of the said company. And whereas each of them, the above bounden *C.D.—E.F.—and G.H.* has, at the request of the said *A.B.* agreed to become surety for him as aforesaid to the extent of *five thousand pounds.* Now the condition of the above-written bond or obligation is, that if the said *A. B.* do and shall from time to time

while he shall continue in the service of the said company as the chief manager of the said company, diligently and faithfully serve them and devote the whole of his time and attention to their business, and give such reasonable attendance at their banking-house, as the directors for the time being of the said company shall from time to time require, and do and shall keep all the secrets of the said company, and inform the said directors of the company for the time being of all such letters, writings, papers, and occurrences whatever as shall from time to time come to his knowledge respecting the said business, and do and shall keep all the cash accounts, ledgers, books, deeds, writings, and papers, belonging or relating to the said concern in a proper and business-like manner, and regularly answer the letters of their correspondents, and do and shall take due care of the monies, securities for money, and property belonging to the said company, or placed in their custody, and do and shall from time to time account for, render, and make over to the directors for the time being of the said company, all such cash, bills, notes, and other securities as shall from time to time come, or without his wilful default might have come to his hands, and shall not embezzle, conceal, or waste, nor permit (as far as in him lies) to be embezzled, concealed, or wasted by others any of the property of the said company, or which shall have been entrusted to their care, and do and shall receive all the customers of the said banking-house with civility, and make up the notes or memorandums of their respective affairs when necessary, and do and shall as far as in him lies cause the clerk or clerks of the said company to give full and due attendance at their said banking-house, and there to conduct and demean himself or themselves diligently and faithfully and in an orderly manner: and also if the said *A. B.* do and shall in all other respects diligently, skilfully, and faithfully demean and conduct himself as the chief manager of the said company: and moreover, if they the said *C.D., E.F., and G.H.*, their heirs, executors, or administrators, or some of them shall and do well and sufficiently save harmless and keep indemnified the said company and the directors and all other members thereof from and against all losses, costs, charges, and expenses which shall or may happen or come to them for or by reason of any act, deed, matter or thing whatsoever, wilfully or improperly done, or wilfully or improperly omitted to be done by the said *A. B.* in or during the said service, then the above-written obligation shall be void, but otherwise the same shall be in full force. Provided always, and it is hereby declared, that under the said obligation, the said *C. D.* his heirs, executors, or administrators, shall not be liable to a greater sum in the whole than *two thousand five hundred* pounds, nor the said *E. F.* his heirs, executors, or administrators to a greater sum in the whole than *one thousand five hundred* pounds, nor the said *G. H.* his heirs, executors, or administrators to a greater sum in the whole than *one thousand* pounds. As witness the hands and seals of the said parties."

The following is the form for a clerk.

"Know all men by these presents, that *A.B.*, *C.D.*, and *E.F.*, are held and firmly bound to *W. X.* and *Y. Z.*, in the penal sum of *one thousand* pounds of lawful money of Great Britain, to be paid to the said *W. X.* and *Y. Z.*, or their certain attorney, executors, administrators, or assigns, for which payment to be well and truly made, we bind ourselves and each of us, and our and each of our heirs, executors, and administrators, and the heirs, executors, and administrators of any three or two of us jointly, severally, and respectively firmly by these presents. Sealed with our seals. Dated this _____

"Whereas the above bounden *A. B.* has been appointed a clerk in a certain public company, called the _____ of which company and for the general purposes thereof the above-named *W. X.* and *Y. Z.* have been appointed trustees. And it was agreed that on the appointment of the said *A. B.* he should with sureties enter into a bond to guarantee his fidelity and honest conduct. And whereas the above bounden *C. D.* and *E. F.* have at the request of the said *A. B.* agreed to become surety for him as aforesaid to the extent of *five hundred* pounds each. Now the conditions of the above-written obligation is, that if the said *A. B.* do and shall while he shall continue in the service of the said company as such clerk, diligently and faithfully serve them, and devote the whole of his time and attention to their business, and give such reasonable attendance at their office, as the directors or manager for the time being of the said company shall from time to time require; and do and shall keep all the secrets of the said company, and inform the directors of the said company for the time being of all such letters, writings, papers, and occurrences whatsoever, as shall from time to time come to his knowledge respecting the said business; and do and shall from time to time account for and make over to the directors or manager for the time being all such cash, bills, notes, and other securities as shall from time to time come or without his wilful default might have come to his hands, and shall not embezzle, conceal, or waste, nor permit (as far as in him lies) to be embezzled, concealed, or wasted by others, any of the property of the said company, or which shall have been entrusted to their care. And also if the said *A. B.* do and shall in all other respects diligently, skilfully, and faithfully demean and conduct himself as such clerk of the said company. And moreover, if they the said *C. D.* and *E. F.*, their heirs, executors, and administrators, or some of them shall and do well and sufficiently save harmless and keep indemnified the said company and the directors and all other members thereof from and against all losses, costs, charges, damages, and expenses, which shall or may happen or come to them for or by reason of any act, matter, or thing whatsoever wilfully or improperly done, or wilfully and improperly omitted to be done by the said

A. B. in or during the said service, then the above-written obligation shall be void, otherwise the same shall be in full force. Provided always, and it is hereby declared, that under the said obligation the said *C. D.*, his heirs, executors, or administrators, shall not be liable to a greater sum in the whole than *five hundred* pounds; nor the said *E. F.* his heirs, executors, or administrators, to a greater sum in the whole than *five hundred* pounds. As witness the hands and seals of the said parties.

IV. DECLARATIONS OF SECRECY.

The following is the form for the directors and trustees:—

"We, the undersigned persons, being respectively directors and honorary directors, and trustees of the public Joint Stock Company, called _____ do severally declare, that we will respectively, faithfully, and impartially discharge the several duties devolving on us as such directors as aforesaid, according to the deed of settlement of the company, bearing date the _____ day of _____ and any laws and regulations that may be made in pursuance thereof. And we do hereby pledge ourselves, and as inviolably as if we had taken our oaths thereto, that we will observe the strictest secrecy on the subject of all transactions of every description of the company, with their customers for the time being, or with any other bodies or persons whatsoever, and on the subject of the accounts of all bodies and individuals from time to time having accounts with the said company. Dated this _____ day of _____ 183__."

The following is the form for the officers.

Declaration of secrecy by the Managers and Clerks.

"We, the undersigned persons, being respectively managers, accountants, cashiers, tellers and clerks of the _____ Banking Company, do severally declare, that we will respectively, faithfully, honestly, and impartially discharge the several duties devolving on us as such managers, accountants, cashiers, tellers, and clerks as aforesaid, according to the directions of the directors of the company, and any laws and regulations that may be made by them. And we do hereby severally pledge ourselves, and as inviolably as if we had taken our oaths thereto, that we will observe the strictest secrecy on the subject of all transactions of every description of the company with their customers for the time being, or with any other bodies or persons whatsoever, and on the subject of the state of the accounts of all bodies and individuals from time to time having accounts with the said company. Dated this _____ day of _____ 183__."

V.—LETTERS OF GUARANTEE,

WITH REFERENCE TO ADVANCES OR TO BILLS DISCOUNTED.

Bill brokers usually give a letter of guarantee instead of indorsing the bills they have discounted with the bankers. And sometimes one party will guarantee to the bank bills discounted for another.

(1.)

To the Directors of the _____ *Banking Company.*

GENTLEMEN,

In consideration of your paying the cheques of Mr. _____ or otherwise advancing him sums of money, I hereby guarantee the repayment thereof upon demand to the extent of one thousand pounds.

I am, &c.

(2.)

To the Directors of the _____ *Banking Company.*

GENTLEMEN,

In consideration of your discounting a bill for £___ drawn by A. B. or C. D. dated_____at ____ months, I hereby guarantee the due payment of the same at maturity.

I am, &c.

(3.)

GENTLEMEN,

In consideration of your discounting the above bills, I hereby guarantee the punctual payment thereof as they respectively fall due.

I am, &c.

(4.)

GENTLEMEN,

Mr. *John Slender* may have occasion to offer you sundry bills for discount. In consideration of your discounting such of them as you approve of, which I request you to do, I hereby guarantee the punctual payment of such bills when due.

I am, &c.

VI.—A FORM OF LETTER,

To be Signed by a Party lodging Deeds or other Documents as Security for Advances of Money.

(1.)

To the Directors of the _____Banking Company.

GENTLEMEN,

I have sent you the title deeds, and other writings, relating to my several freehold and copyhold estates and properties, in or near _____ in the county of_____ and which documents I hereby declare are deposited with you, as a security for all sums of money now or hereafter to become due from me, either solely, or jointly with others, to the said banking company, either upon banking account, or in any other manner howsoever, (including interest, commission, and all other usual banking charges); and I hereby engage, upon request, to execute to you, or to the trustees of the said company, a mortgage of the said tenements and premises, for the better securing the said sum, or sums of money, intended to be hereby secured, such mortgage to contain a power of sale, and all other usual covenants, and to be at my expense.

I am, &c.

(2.)

GENTLEMEN,

Having this day borrowed of you £_____ upon a deposit of the under-mentioned securities, which sum is to be repaid to you with interest at_____per cent. per annum on the_____ next, I hereby authorize you, in case the said sum of £ _____shall not be repaid as aforesaid, to sell the said securities, or any part thereof, whenever you may think proper so to do, and repay yourselves the sum of £_____and interest, returning to me the surplus (if any) or holding it for my account; and in the event of any deficiency, I hold myself responsible to you and the survivors of you for the same.

I am, &c.

(3.)

GENTLEMEN,

In consideration of the loans, advances, or discounts which may be made to me, or upon my request by you, I hereby charge all or any title deeds or other property belonging to me, which I may place or leave in your hands, with the repayment of all such loans, advances, or discounted bills, together with all costs, interest, and charges thereon; and I hereby undertake to make an assignment by way of mortgage, with power of sale, whenever called upon so to do, of the property which I may or shall be entitled to under such title deeds.

I am, &c.

VII.—CASH CREDIT BOND.

Almost every bank that grants cash credits has its own form of bond. I think the following as good as any that I have seen.

"Know all men by these presents, that we, *A.B.*, of_____*C. D.* of_____and *E. F.*, of _____are jointly and severally held and firmly bound to *W. X.*, of _____and *Y. Z.* of _____two of the trustees of the society or co-partnership, called the_____in the penal sum of _____pounds of lawful money of Great Britain and Ireland, to be paid to the said *F. G.*, and *H. I.*, or their certain attornies, executors, administrators, and assigns, for which payment to be well and truly made, we bind ourselves, and each and every of us, and our, and each and every of our heirs, executors, and administrators, jointly, severally, and firmly by these presents. Sealed with our seals. Dated this_____of_____

"Whereas the above-bound *A. B.* has opened an account with the above-mentioned society or co-partnership, called the _____ at their establishment, at _____ and is desirous of being accommodated by the said society or co-partnership, from time to time, in some one or other of the various modes in which bankers are in the habit of affording accommodation, and to induce the said society or co-partnership to take the said account, and to accommodate him from time to time, in some one or other of the modes aforesaid, the said *A. B.* and the said *C. D.*, and *E. F.* as his sureties, have agreed to enter into the above-written bond or obligation with such conditions as hereinafter is expressed.

"Now the condition of the above written bond or obligation is such, that if the said *A.B.*, *C.D.*, and *E.F.*, or some or one of them, or their, or some or one of their heirs, executors, or administrators, do and shall, on the demand in writing, under the hand of any one of the public officers of the said society or co-partnership, called _____well and truly pay, or cause to be paid to the said society or co-partnership, all and every such sum and sums of money as upon the balance of any account current, which now is, or at any time or times hereafter, shall be open between the said *A. B.* and the said society or co-partnership, shall, or may, from time to time, be due, and owing from or by the said *A. B.*, his executors, or administrators, together with all discount, interest, postage of letters, and commission, according to the usage and course of business, but nevertheless to the extent only of £ _____principal money, exclusive of interest and costs, in case such balance shall exceed the sum; and so that the above-written bond or obligation shall, and may be, a continuing security to the said society or co-partnership to the amount of £_____principal money, besides such interest and costs as

aforesaid; notwithstanding, any settlement of account, or other matter or thing whatsoever, then the above-written bond or obligation shall be void; otherwise, the same shall remain in full force and virtue.

"Signed, sealed, and delivered
in presence of _____"

The following is the form of cash credit bond used by one of the banks in Scotland. It will be seen that the latter part has a reference to the peculiar law of Scotland, and hence it is not adapted for the use of banks established in England.

"We, *A. B.*, *C. D.*, and *E. F.*, considering that the directors of the banking company, established in Edinburgh, under the title of the_____have agreed to allow us credit upon a current account, to be kept in name of the said *A. B.*, in the books of the said bank at its branch office in_____, or at such other office or offices of the said bank, as the directors thereof may from time to time appoint, to the extent of_____pounds sterling, upon granting these presents; therefore, we, the said *A.B.*, *C.D.*, and *E.F.* hereby bind and oblige ourselves conjointly and severally, and our heirs, executors, and successors whomsoever, to content and pay to the said_____, or to_____, the present manager of the said bank, or to his successors in office as manager, for behoof of the said bank, and the whole partners therein, or to the assignees of the said bank, or of its said manager, or his foresaid, the aforesaid sum of *five hundred* pounds, or such part or parts thereof as the said *A. B.* shall receive or draw out by orders or drafts on the said bank, in virtue of the aforesaid credit, and also such sum or sums of money as the said bank or its said manager shall stand engaged for on account of me the said *A. B.*, by accepted or discounted bills, letters of credit, guarantees, or in any other manner of way not exceeding in all the said sum of *five hundred* pounds, over and above what of the proper cash of me, the said *A. B.* may happen to be lodged on the said cash account; and that at any time when the same shall be demanded, after six months from the date hereof, with the legal interest thereof from the time of advance, until the same be repaid, and a fifth part more of the said principal sum of penalty, in case of failure or proportionally effeiring to the sum due, and it is hereby declared, that a stated account, made out from the books of the said bank, and signed by the manager, secretary, or accountant thereof, for the time with reference to this present bond, shall be sufficient without any other voucher to constitute and ascertain a balance and charge against us, and no suspension shall pass upon the change so

constituted and ascertained, but on consignation only. And we consent to the registration hereof, in the books of council and session, for others competent, that letters of horning, on six days charge and all other necessary execution, may pass upon a decree, to be interposed hereto, in common form, and for that purpose we constitute our procurators_____

" In witness whereof, the present written upon stamped paper by

_____

VIII.—LETTERS OF CREDIT.

GRANTED BY THE BANK UPON ITS AGENTS OR BRANCHES.

(1.)

To_____

_____*Banking Company.*

Sir,

There has this day been lodged at this office by_____ the sum of_____ for the credit of_____ whose drafts to that amount you will honor, and charge the same to the account of the _____Banking Company.

I am, Sir,

Your obedient Servant,

_____ *Manager.*

£

Entered _____*Accountant.*

(2.)

To _____

No. _____ *Banking Company.*

NOT TRANSFERABLE.

Sir,

You will be pleased to credit _____ in the sum of_____ and charge the same to the account of the_____ Banking Company, with this branch.

I am, Sir,

Your obedient Servant,

_____*Manager.*

£

Entered_____*Accountant.*

(3.)

Messrs. _____
Paris. _____ *Banking Company.*
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GENTLEMEN,

This letter will be presented to you by _____ to whom you will be pleased to pay to the extent of _____ deducting your charges, and taking for your reimbursement his drafts on this Bank, which will meet with due honor.

I am, &c.

_____

(4.)

Messrs. _____
New York.

This letter will be presented to you by Mr. _____ in whose favour we beg to establish a credit for _____ pounds sterling. You will please hold this sum, or any part thereof at his disposal, less your usual charges, and take in exchange his drafts upon this bank, which will be duly honored. It is understood, that this credit is to be available for one year from this date, at which period if Mr. _____ has not made use of it, you will consider it cancelled. We shall forward you, in our next letter, the signature of Mr. _____, to which we refer.

I am, &c.

_____

IX.—DEPOSIT RECEIPTS.

These are receipts for money, upon which the Bank allows interest. The following form may be used:

_____ BANKING COMPANY.
183

No. £ _____

Received from _____ the sum of _____ sterling to the credit of his deposit account with the _____ Banking Company.

By Order of the Board of Directors.

Entered _____ *Accountant.* _____ *Manager.*

The following form is a much better one, but unfortunately it is illegal. According to law we cannot

introduce the rate of interest allowed, nor the notice required, unless the receipt be stamped. It may be hoped, that in the new stamp act, the Chancellor of the Exchequer will introduce a clause permitting the use of such receipts as the following. It is used by a highly respectable bank in one of the Midland Counties:

_____ BANKING COMPANY.

No. 183

Received from _____ the sum of _____ for which we are accountable with interest at the rate of _____ per cent. per annum, on receiving _____ day's notice. Interest to cease from day of notice.

For the Directors and Proprietors of the _____ Banking Company.

£ _____ *Manager.*

No interest allowed unless the money remains three months.

X.—REQUISITION NOTES.

These are notes or memorandums which are used by some banks to enable their customers to state with less trouble what they require, and to specify the cash they pay into the bank. They are usually placed on the counter to be ready when wanted. The following are the forms most in use:

(1.)

REQUISITION NOTE.

To be filled up by Parties desiring Receipts for Money deposited, Letters of Credit, or Bills on _____

day of _____ 183 Wanted from the _____ Banking Company the Manager's _____ in favour of _____ for the sum of _____ _____ *Applicant.* *Entered* £_____	Specification of Money presented to the Teller.

(2.)

LETTER OF CREDIT.

Specification of Money.	
Bank of England Notes.....	
Gold	
Silver and Copper	
Local Notes.....	
Bills.	
£	£

183

Wanted, the_____Banking Company's Letter of Credit on _____ in favour of _____ for _____

_____*Applicant.*

Entered to Credit of_____

(3.)

PAYMENT TO CREDIT OF CURRENT ACCOUNT.

Specification of Money.	
Bank of England Notes.....	
Gold.....	
Silver and Copper	
Local Notes.....	
Bills	
£	

183

Paid to the _____ Banking Company, the sum of _____ to be placed to the credit of _____ in current account with said Bank.

By_____

Entered in the Bank's Cash Book, £ _____ *Teller.*

(4.)

APPLICATION FOR ACCOUNT.

Names of Persons composing the Firm.

Firm . ._____
Business ._____
Residence ._____

Probable Return . £
Advance required . £
Security proposed .

Order of the Board per Minute, dated_____183

(5.)

BILLS DISCOUNTED

*By the*_____ *Banking Company at*_____

to _____ *on* _____183

No.	Where Payable.	Postage.	When Payable.	Days.	Amount of Bill.	Discount.	Proceeds.

XI.—A LETTER

SUMMONING A GENERAL MEETING OF THE SHAREHOLDERS.

Most large banks have also a printed form for their letters of ordinary correspondence.

_____ BANKING COMPANY.

183

SIR,

I beg leave to inform you that the annual general meeting of the proprietors of this company, pursuant to the deed of settlement, will be held at twelve o'clock on_____ instant, at the _____ in this place, for the purpose of electing directors, and for the dispatch of other business.

A list of all the proprietors qualified for the direction by holding fifty shares and upwards, is annexed.

I am, SIR,

Your obedient Servant,

_____ *Manager.*

XII.—SPECIAL CONTRACTS.

Those joint stock banks that are not formed under the act 7th Geo. IV., c. 46., sue and are sued in the names of their trustees. And to enable them to do so, those parties who open accounts with the bank enter into a special contract. This may be done by a letter addressed to the trustees personally, in a form similar to the following:

To *A. B.—C. D.—and E. F.*

_____ 183_

GENTLEMEN,

You engaging that the _____ Banking Company shall pay to me whatever sums may be due to me on my current or other accounts with it, I hereby agree as a separate contract with you, to pay to you or the survivors of you, after demand, the balance, if any, which shall at any time hereafter be due by me to the said Banking Company on those accounts or otherwise.

I am,

GENTLEMEN,

Your obedient Servant,

_____

XIII.—NOTICES OF CALLS,

FOR FURTHER PAYMENT ON SHARES.

_____ BANKING COMPANY.

183

SIR,

I beg to inform you that the board of directors of this company, agreeably to the powers contained in clause No.___ of the deed of constitution of the company, have made a third call of £_____ per share on each of the shares in the company, and that the same will become payable on the___ of_____ next.

The certificate for your share is at _____ and will be delivered to you on payment of £___ and in exchange for that now in your possession.

You will please to take notice, that all payments for calls must be made free of postage, and in cash, on or before the __of____ , otherwise they will not be received except with interest at the rate of 5 per cent. per annum from that date.

I am,

SIR,

Your most obedient Servant,

_____ *Manager.*

XIV.—CERTIFICATES OF SHAREHOLDERS.

Some banks exchange the old certificates for new ones after every call. Others do not grant new certificates; and some do not issue certificates at all, unless a party requests to have some evidence that he is a shareholder.

_____ BANKING COMPANY.

CENTRAL BANK_____

This is to certify that Mr._____of _____is a proprietor of_____ shares in the capital stock of the _____Banking Company, on which_____ per share have been paid. And as the proprietor thereof, he is entitled to all benefits and emoluments arising from such shares, agreeably to the deed of settlement of the company, dated the ___day of_____ 183__

As witness our hand this __day of _____one thousand eight hundred and

No.

_____ } *Two of the Directors*
_____ } *of the Company.*

Registered _____

XV.—DEED OF TRANSFER.

This deed is executed by the buyer and seller of any shares in the bank, after the directors have given their consent to the transfer. The following is the form of this instrument:

This Indenture, made the __ day of ____183 , between _____ of _____of the first part; _____of _____of the second part; and _____of the City of _____ trustees (appointed by the board of directors of the _____ Banking Company) of the covenant hereinafter contained, of the third part.

Whereas the said _____ has become the purchaser, with the approbation of the said board of direction, of_____share in the capital of the said company: on each of which share the sum of ___ pounds still remains unpaid.

Now this indenture witnesseth, that in consideration of the sum of_____ at or before the sealing and delivery of these presents paid by the said_____to the said_____the receipt of which said sum of _____ the said _____doth hereby acknowledge, and from the same and every part thereof, doth release and for ever discharge the said _____ his heirs, executors, administrators, and assigns: the said_____hath bargained, sold, and assigned, and by these presents doth bargain sell, and assign unto the said_____ his executors, administrators, and assigns, all those the said shares of his the said_____in the capital of the _____ Banking Company, and all benefits, advantages, powers, and privileges attending the same; to have, hold, receive, and take, the said share hereby assigned, and the said benefits, advantages, powers, and privileges attending the same, unto the said _____ his executors, administrators, and assigns, for his and their own use and benefit.

And the said _____ doth hereby, for himself, his heirs, executors, and administrators, covenant, promise, and agree, with

and to the said _____ and _____ their executors, and administrators, that in respect of the share hereby assigned, and all and every other share and shares which the said _____ may hereafter purchase in the capital of the said company, he, the said _____ his heirs, executors, or administrators, shall and will, well and truly, in all respects, observe, perform, and keep, all and singular the covenants, agreements, and provisions, contained in the deed of settlement of the said company, bearing date the ___ day of_____ 183 , so far as the same ought on his or their parts, to be observed, performed, and kept.

In witness whereof, the said parties to these presents have hereunto set their hands and seals, the day and year first above-written.

Witness to the identity and signature of_____ _____

Signed, sealed, and delivered by_____ _____

In the presence of _____ _____

MEMORANDUM.

It is needful that this document should be completed and left at the office of the company without delay, when a certificate of the shares will be given to the purchaser, into whose name the shares cannot be placed until this regulation is complied with.

SECTION XI.

BANKING ESTABLISHMENTS.

I shall conclude by giving a short account of some of the principal banking establishments now in existence, and noticing others that have been projected.

I.—THE BANK OF ENGLAND.

The act of parliament by which the Bank was established, is entitled " An act for granting to their Majesties several duties upon tonnage of ships and vessels,

and upon beer, ale, and other liquors, for securing certain recompenses and advantages in the said act mentioned, to such persons as shall voluntarily advance the sum of fifteen hundred thousand pounds, towards carrying on the war with France." After a variety of enactments relative to "the duty upon tonnage of ships and vessels, and upon beer, ale, and other liquors," the act authorizes the raising of £1,200,000 by voluntary subscription, the subscribers to be formed into a corporation, and be styled, "The Governor and Company of the Bank of England." The sum of £300,000 was also to be raised by subscription, and the contributors to receive instead, annuities for one, two, or three lives. Towards the £1,200,000 no one person was to subscribe more than £10,000 before the first day of July next ensuing, nor at any time more than £20,000. The corporation were to lend their whole capital to government, for which they were to receive interest at the rate of eight per cent. per annum, and £4,000 per annum for management; being £100,000 per annum in the whole. They were not allowed to borrow or owe more than the amount of their capital; and if they did so, the individual members became liable to the creditors in proportion to the amount of their stock. They were not to trade in any "goods, wares, or merchandize whatsoever;" but they were allowed to deal in bills of exchange, gold or silver bullion, and to sell any goods, wares, or merchandize, upon which they had advanced money, and which had not been redeemed within three months after the time agreed upon. The whole subscription having been filled in ten days, a charter was issued on the 27th day of July, 1694.

The last renewal of the bank charter was in 1833, when it was continued until the expiration of one year's notice, to be given within six months after the expiration of ten years from August 1, 1834. But if such notice should not be given, then the charter shall be

continued until the expiration of twelve months' notice, to be given after the first day of August, 1855.

According to this charter, no other bank having more than six partners can issue notes payable on demand in London, or within sixty-five miles thereof. Bank notes are to be a legal tender, except at the bank or branch banks. The amounts of the notes in circulation, and of the deposits, and of the bullion and securities in the bank, are to be sent weekly to the chancellor of the exchequer for the time being. These accounts are to be consolidated every month, and an average state of the bank accounts for the preceding three months to be published in the London Gazette. Any Joint Stock Bank that does not issue notes may carry on business in London. The following is the clause relating to this subject:

"And whereas the intention of this act is, that the Governor and Company of the Bank of England should, during the period stated in this act (subject, nevertheless, to such redemption as is described in this act,) continue to hold and enjoy all the exclusive privileges of banking given by the said recited act of the 39th and 40th years of the reign of his Majesty King Geo. III. aforesaid, as regulated by the said recited acts of the 7th year of his late Majesty King Geo. IV. or any prior or subsequent act or acts of Parliament, but no other or further exclusive privilege of banking. And whereas doubts have arisen as to the construction of the said acts, and as to the extent of such exclusive privilege, and it is expedient that all such doubts should be removed, Be it therefore declared and enacted, that any body, politic or corporate, or society, or company, or partnership, although consisting of more than six persons, may carry on the trade or business of banking in London, or within sixty-five miles thereof, provided that such body politic or corporate, or society, or company, or partnership, do not borrow, owe, or take up, in England, any sum or sums of money on their bills or notes payable on demand, or at any less time than six months from the borrowing thereof, during the continuance of the privileges granted by this act to the said Governor and Company of the Bank of England."

The capital of the Bank of England is £14,553,000, upon which a dividend is paid of eight per cent. per annum.

II.—THE LONDON AND WESTMINSTER BANK.

In consequence of the above clause in the Bank Charter act, measures were taken in the latter end of the year 1833 to form a Joint Stock Bank of deposit in London. The following are extracts from the prospectus.

"His majesty's government having declared the law to be that no obstructions exist to impede the formation of joint stock banks of deposit, with an unlimited number of partners, and many noblemen, gentlemen, merchants, and tradesmen, considering that every circumstance combines to make it desirable for the public good at once to establish a joint stock bank, with such an extent of capital as will insure the perfect confidence and security of depositors, and the greatest practical accommodation and assistance to trade and commerce, the under-mentioned committee has been formed, on whom will devolve the duty of making the necessary arrangements for constituting the bank, of forming the direction, and of maturing the plan for the future management of the establishment, including the settlement of the deed of constitution, and the revision and alteration of the conditions of this prospectus, in their discretion.

"The success of joint stock banks is not experimental, but ascertained, and practically illustrated by the admitted prosperity of such banks in England, Scotland, and Ireland. This affords the best reason for anticipating similar success to the present more extended establishment, proposed to be conducted upon the same approved system of banking.

"The advantages of joint stock banks are obvious; — "Their capital cannot be diminished by either deaths or retirements; their numerous proprietors ensure to them confidence and credit, as well as ample business in deposits, loans, and discounts; and their rigid exclusion of every kind of mercantile and speculative transaction, affords a satisfactory guarantee to the community at large that their means are only employed in legitimate banking operations. They are under the management and control of men who are elected by the respective proprietors, who have no individual interest which can induce them to depart from an approved prudential course, and who are a safe and constant check upon every transaction and upon every officer in the several establishments; and their system of accounts is so accurate that there is little trouble in producing, at any time, a clear and full statement of their stock and business, however great the one, or extensive the other.

"It is intended, as far as may be practicable, to allow interest on deposits; and while none of the best parts of the system pursued by London private bankers will be overlooked, it is proposed to give such other facilities to the public as have been afforded with so much advantage to all classes by joint stock banks in Scotland, and by

the various similar establishments more recently formed in England and Ireland.

"It is proposed, that the bank shall be designated "THE LONDON AND WESTMINSTER BANK," and that the establishment shall be forthwith formed in the City; and for the accommodation of the public, a branch bank will be established at the west end of the town. Arrangements for commencing business will be made when, in the judgment of the committee or directors, a sufficient number of shares have been subscribed for."

The bank was opened at 38, Throgmorton Street, and a branch at No. 9, Waterloo Place, Pall Mall, Westminster, on the 10th of March, 1834. The following are the terms on which business is transacted.

"The bank will receive current accounts on the same terms as they are now received by London bankers.

"Persons who wish to have current accounts with the bank, without being under the necessity of keeping a balance, may, instead thereof, pay to the bank a certain sum annually for the management of their account as may be agreed upon.

"The bank will receive permanent lodgment in sums from £10 to £1000, at the rate of $2\frac{1}{2}$ per cent. per annum. For these sums receipts will be granted, called deposit receipts. If the amount be withdrawn within three months, no interest will be allowed. Sums above £1000, lodged on deposit receipts at interest, will be made the subject of a special agreement.

"No interest will be allowed on the balance of any current account.

"Deposit receipts are distinguished from current accounts.—Cheques cannot be drawn against a sum lodged on a deposit receipt; but when the sum, or any part thereof, is withdrawn, the receipt itself must be produced at the bank, and delivered up.

"Parties, respectably introduced, not having an account with the bank, may, nevertheless, have their bills discounted, or loans granted to them, upon approved securities.

"The bank will act as agents to Joint Stock Banks, private country bankers, and other parties residing at a distance."

Directors.

SAMUEL ANDERSON, Esq.
HENRY BOSANQUET, Esq.
FREDERIC BURMESTER, Esq.
WILLIAM R. K. DOUGLAS, Esq.
JOSEPH ESDAILE, Esq.
THOMAS FARNCOMB, Esq.
SIR T. F. FREMANTLE, Bart. M. P.
CHARLES GIBBES, Esq.
JOSIAH JOHN GUEST, Esq. M. P.
WILLIAM HAIGH, Esq.
HENRY HARVEY, Esq.
JAMES HOLFORD, Esq.
JONATHAN H. PEEL, Esq.
MATTHEW B. RENNIE, Esq.
PATRICK M. STEWART, Esq. M.P.
JOHN STEWART, Esq. M. P.
DAVID SALOMONS, Esq.

Head Office, 38, Throgmorton Street,		J. W. Gilbart, *General Manager.* W. T. Henderson, *Sub-Manager.*
Westminster Branch ...	9, Waterloo Place	Oliver Vile, *Manager.*
Bloomsbury Branch ...	213, High Holborn	W. Ewings, *Manager.*
Southwark Branch. ...	12, Wellington Street, Borough	E. Kingsford, *Manager.*
Eastern Branch	87, High Street, Whitechapel .	C. G. Rees, *Manager.*
St. Marylebone Branch	155, Oxford Street	F. Vulliamy, *Manager.*

III.—THE LONDON BANKERS.

The following is Mr. Quin's summary of part of the evidence delivered before the bank committee of 1832, by George Carr Glyn, Esq. a London banker.

"There are sixty-two private banks in the metropolis, none of which for the last fifty years have issued notes of their own, though it would seem that such of them as consist of fewer than six partners might lawfully circulate their own paper if they pleased. As they act entirely with the Bank of England paper, it is doubtful whether there be any limit to the number of partners of which London private banks may consist. They receive deposits, upon which they pay no interest. The system of allowing interests on deposits was formerly tried in London; but the houses that attempted it invariably failed. The deposits held by the London bankers are generally composed of very large sums, which are necessarily payable on demand; and hence they cannot be made use of to the same extent as those which are entrusted to country bankers, and which, whenever interest is allowed, are usually left with them for a stipulated period. On the other hand, in all ordinary transactions, the London banks charge no commission to their customers.

"The London banks, in order to be able to meet their engagements, usually keep a large deposit, nearly equal, perhaps, to half of what they hold in reserve, in the Bank of England; a portion of their current funds they necessarily hold at home in bank paper, and a small amount in gold. Their deposit in the bank they consider as so many notes in their drawer, liable to be called out by the daily fluctuations in the accounts of their customers. The balances in their hands, often very large, are frequently withdrawn without notice; hence their intercourse is almost hourly with the Bank of England, from which they receive every facility.

"In order to turn their funds to profit, the London bankers employ as much money as they can amongst their customers. They invest a considerably larger proportion of their deposit in bills of exchange and promissory notes, than in public securities. The city banker is, however, under a disadvantage in this respect, which is not felt by the banker at the west end of the town. The latter may, to a certain extent, depend upon the use of the money deposited with him, as his accounts are usually those of country gentlemen,

and individuals out of trade; whereas, the former, whose accounts are principally those of persons actively engaged in commercial or money operations, can hardly know three days beforehand what the amount of his deposits may be at any given period. The London bankers are obliged to employ their money occasionally at a very low rate of interest. In some cases, it may have been within the last twelve months two and a half per cent.; but the average has been from three to three and a half, and it has fairly kept at that rate. The highest rate has been four for short bills, but five has been charged for bills of twelve or eighteen months.

IV.—SCOTTISH BANK AGENCY IN LONDON.

PROSPECTUS.

"The directors of the Dundee Union Bank have opened an establishment in London, at No. 2, Billiter Square, under the agency of the subscriber, Mr. Keil, and the superintendence of a resident director.

"Business, in general, will be conducted upon the same terms as by other London bankers.

"Persons opening accounts current with the bank may either keep a certain balance at credit of each account; or, instead of it, may pay a sum annually for the expense of management—such as may be fixed upon, in proportion to the magnitude and extent of the transactions. No interest will be allowed on accounts current.

"Persons depositing money in the bank, to remain undrawn for a definite period, will be entitled to interest on the same at the rate of two per cent. per annum. Deposit-receipts will be granted by the agent for such sums, or promissory notes at six or twelve months, if the parties should prefer these to deposit-receipts. No cheques can be drawn against any sum for which a deposit-receipt or promissory-note, bearing interest, has been granted, until such receipt or note be produced at the bank and delivered up; and when so delivered up, the balance may then be entered to the person's credit in a pass-book, and become an account current, to be drawn upon by cheques in the usual manner; or, in the person's option, the deposit may be renewed and continued at interest for another fixed period.

"No interest will be allowed on money deposited, if it be withdrawn within three months of the date of lodgment.

"The business of foreign houses, and in general the business of parties residing at any distance from London, will be carefully transacted.

"By Order of the Directors,

"James Keil, Agent."

V.—THE COUNTRY BANKERS.

Those bankers who wish to issue notes must take out a license, which will cost £30, and must be renewed every year. They may re-issue any notes not above the value of £100, as often as they think proper. And should any of the firm die or remove from the business, the notes may be issued by the remaining partners. But they cannot be reissued by a new firm, which does not include any member belonging to the firm by whom the notes were first issued.

If the half of a note be lost or stolen, a banker cannot be compelled to give a new note in exchange for the remaining half. But if it can be proved that one half of a note is burnt, or otherwise destroyed, then the holder may perhaps recover the note from the banker.

In such cases, the bankers always pay the value of the note on receiving a respectable indemnity.

Bankers may be compelled to pay whole notes that have been lost or stolen, provided the holder has given actual value for them.

The stamp duty on country notes is as follows:—

	£	s.			£	s.	s.	d.
Notes not exceeding	1	1	-	-	-	-	0	5 each
Exceeding - -	1	1	and not exceeding		2	2 -	0	10
Ditto - -	2	2	-	-	5	5 -	1	8
Ditto - -	5	5	-	-	10	0 -	1	9
Ditto - -	10	0	-	-	20	0 -	2	0
Ditto - -	20	0	-	-	30	0 -	3	0
Ditto - -	30	0	-	-	50	0 -	5	0
Ditto - -	50	0	-	-	100	0 -	8	6

Country banks are allowed to compound for the stamp duties on their notes, at the rate of seven shillings per cent. per annum upon the amount in circulation, and to include on the same terms their bills drawn on London at twenty-one days after date. But whether a country banker compounds for the stamp duties or not, he must return to the government the amount of his notes in circulation every Saturday night. These returns are

consolidated, and the result published in the London Gazette.

VI.—JOINT STOCK BANKS.

By a clause in the charter of the Bank of England, no partnership formed for carrying on the business of banking, could consist of more than six persons, but by an act passed in the year 1826, co-partnerships of more than six in number are permitted to carry on business as bankers in England, *sixty-five miles from London*, provided they have no house of business or establishment as bankers in London, and that every member of such co-partnership shall be responsible for all the debts of the company. They must also deliver to the Stamp-office the names and places of abode of all their members, and also a list of their officers. These lists are to be copied into a book, which any person is entitled to see on paying one shilling, and to obtain a copy for ten shillings. The banks may sue and be sued in the name of their public officer, and execution upon judgment may be issued against any member of the co-partnership. They are not compelled to take out more than four licenses, though they may carry on business in as many places as they please, beyond the prescribed distance.

VII.—THE BRANCHES OF THE BANK OF ENGLAND.

The same act which permitted the formation of Joint Stock Banks in England, authorized the Bank of England to establish branches in the provincial towns. Branches have been opened at Gloucester, Manchester, Swansea, Birmingham, Liverpool, Bristol, Leeds, Exeter, (*since closed*) Newcastle-upon-Tyne, Hull, Norwich, and Plymouth. Their mode and terms of transacting business are thus described in a Welsh newspaper, called the Cambrian:

"The branch bank is to be a secure place of deposit for persons having occasion to make use of a bank for that purpose; such accounts are termed *drawing accounts*. The facility to the mercantile and trading classes of obtaining discounts of good and unexceptionable bills, founded upon real transactions, two approved names being required upon every bill or note discounted; these are called *discount accounts*. The application of parties who desire to open discount accounts at the branch, are forwarded every Saturday to the parent establishment for approval, and an answer is generally received in about ten days. When approved, good bills may be discounted at the branch without further reference to London. Bills payable at Swansea, London, or any other place, where a branch is established, are discounted under this regulation. The dividends on any of the public funds, which are payable at the Bank of England, may be received at the branch here, by parties who have opened "drawing accounts," after signing powers of attorney for that purpose, which the branch will procure from London. No charge is made in this case, except the expense of the power of attorney and its postage. Purchases and sales of every description of government securities are effected by the branch at a charge of one quarter per cent. which includes brokerage in London, and all expenses of postage, &c. A charge of one quarter per cent. is also made on paying at the Bank of England bills accepted by persons having drawing accounts at Swansea, such bills to be advised by the branch; also for collecting payment of bills at the other branches, and on granting letters of credit on London, or on the other branches. The branch grants bills on London, payable at twenty-one days date without acceptance, for sums of ten pounds and upwards. Persons having drawing accounts at Swansea, may order money to be paid at the bank in London, to their credit at this place, and *vice versa*, without any expense. The branch may be called upon to change any notes issued and dated at Swansea, but they do not change the notes of the bank in London, nor receive them in payment, unless as a matter of courtesy where the parties are known. Bank post bills which are accepted and due, are received at the branch from parties having drawing accounts, and taken to account without any charge for postage; but unaccepted bank post bills, which must be sent to London, are subject to the charge of postage, and taken to account when due. No interest is allowed on deposits. No advance is made by the branch upon any description of landed or other property, nor is any account allowed to be overdrawn. The notes of Messrs. Walters' bank at this place, of Messrs. Williams and Rowland, Neath bank, and of the Brecon Old Bank, are received in payment at the branch. Any other country bankers may open an account for the like purpose. The notes are the same as those issued by the parent establishment, except being dated Swansea, and made payable there and in London. No note issued exceeds the sum of £500, and none are for a less amount than £5."

VIII.—THE BANKS OF SCOTLAND.

The general provisions of the law of Scotland bearing upon this subject, are calculated to promote the solidity of banking establishments.

1. There is no limitation to the *number* of partners.

2. The *private fortune* of every partner is answerable for the debts of the bank.

3. *Land*, as well as other property, *may be attached* for debt.

4. In Scotland *all land is registered;* so it is easy for any individual by referring to the records, to ascertain what landed property is possessed by the partners of the bank, and also whether or not it be mortgaged. The following is the language of the report of the Committee of the House of Commons.

"There is no limitation upon the number of partners of which a banking company may consist; and excepting in the case of the Bank of Scotland, and the two chartered banks, which have very considerable capitals, the partners of all banking companies are bound jointly and severally, so that each partner is liable to the whole extent of his fortune for the whole debts of the company.

"A creditor in Scotland is empowered to attach the real and portable, as well as the personal estate of his debtor, for payment of personal debts, among which may be classed debts due by bills and promissory notes; and recourse may be had for the procuring payment to each description of property at the same time. Execution is not confined to the real property of a debtor merely during his life, but proceeds with equal effect upon that property after his decease.

"The law relating to the establishment of records, gives ready means of procuring information with respect to the real and heritable estate of which any person in Scotland may be possessed. No purchase of an estate in that country is secure until the seisine (that is, the instrument certifying that actual delivery has been given) is put on record; nor is any mortgage effectual until the deed is in like manner recorded.

"In the case of conflicting pecuniary claims upon real property, the preference is not regulated by the date of the transaction, but by the date of its record. These records are accessible to all persons; and thus the public can with ease ascertain the effective means which a banking company possesses of discharging its obligations, and the partners in that company are enabled to determine with tolerable accuracy, the degree of risk and responsibility to which the private property of each is exposed.

"There are other provisions of the law of Scotland, which it is not necessary minutely to detail, the general tendency of which is the same with those above-mentioned."

The following acts of Parliament have been passed in reference to banking in Scotland.

"The first notice of banking in Scotland which occurs in the statute-book, is an act of King William the Third, passed in the year 1695, under which the Bank of Scotland was established. By this act an exclusive privilege of banking was conferred upon that bank, it being provided, "that for the period of twenty years from the 17th July, 1695, it should not be lawful for any other person to set up a distinct company or bank within the kingdom of Scotland, besides those persons in whose favor this act was granted. No renewal of the exclusive privilege took place after the expiration of the twenty-one years.

"The Bank of Scotland first issued notes of 20*s*. in the year 1704; but the amount of notes in circulation previous to the Union was very limited.

"The Bank of Scotland continued the only bank from the date of its establishment in 1695, to the year 1727.

"In that year a charter of incorporation was granted to certain individuals named therein, for carrying on the business of banking under the name of the Royal Bank; and subsequent charters were granted to this establishment, enlarging the capital, which now amounts to one million and a half.

"An act passed in the year 1765, is the first and most important act of the legislature, which regulates the issue of promissory notes in Scotland.

"It appears from its preamble that a practice had prevailed in Scotland of issuing notes which circulated as specie, and which were made payable to the bearer on demand, or payable at the option of the issuer at the end of six months, with a sum equal to the legal interest from the demand to that time.

"The act of 1765, prohibits the issue of notes, in which such an option as that before-mentioned is reserved to the issuer. It requires that all notes of the nature of a bank note, and circulating like specie, should be paid on demand; and prohibits the issue of any promissory note of a sum less than 20*s*.

"With respect to the issue of promissory notes in England, an act was passed in 1775, prohibiting the issue of any such notes under the sum of 20*s*. And in the year 1777, restraints were imposed by law on the issue of notes between the sum of 20*s*. and £5, which were equivalent to the prohibition of such notes circulating as specie.

"In the year 1797, when the restrictions as to payments in cash was imposed upon the Bank of England, the provisions of the act of

1777, with regard to the issue of notes between 20*s.* and £5 were suspended. By an act passed in the 3rd year of his present Majesty, the suspension was continued until the 5th of January, 1833; but now stands limited by an act of the present session to April 5, 1829."

"The general result of the laws regulating the paper currency in the two countries is this :—

"That in Scotland, the issue of promissory notes payable to bearer on demand for a sum of not less than 20*s.* has been at all times permitted by law, nor has any act been passed limiting the period for which such issue shall continue legal in that country. In England, the issue of promissory notes for a less sum than £5 was prohibited by law from the year 1772 to the period of the bank restriction in 1797. It has been permitted since 1797; and the permission will cease as the law at present stands in April, 1829."

The following table which I constructed from the parliamentary evidence of 1826, contains an account of the number of the banks in Scotland—the name of the firm or bank—date of its establishment—place of the head office—number of branches—number of partners, and the name of the London agents.

	Names of Firms or Banks.	Date.	Head Office.	No of Branches.	No of Partners.	London Agents.
1	Bank of Scotland.....	1695	Edinburgh	16	char.	Coutts and Co.
2	Royal Bank of Scotland...	1727	Ditto	1	ditto	Bk. Eng. and ditto.
3	British Linen Company ...	1746	Ditto	27	ditto	Smith, Payne & Co.
4	Aberdeen Banking Co.....	1767	Aberdeen	6	80	Glyn and Co.
5	Aberdeen Twn. & Ctry. Bk.	1825	Ditto	4	446	Jones, Loyd and Co.
6	Arbroath Banking Co.....	1825	Arbroath	2	112	Glyn and Co.
7	Carrick & Co. or Ship Bank	1749	Glasgow	none	3	Smith, Payne and Co.
8	Com. Bk. Co. of Scotland.	1810	Edinburgh	31	521	Jones, Loyd and Co.
9	Commercial Banking Co...	1778	Aberdeen	none	15	Kinloch and Sons
10	Dundee Banking Company	1777	Dundee	none	61	Kinloch and Sons
11	Dundee New Bank	1802	Ditto	1	6	Ransom and Co.
12	Dundee Commercial Bank.	1825	Ditto	none	202	Glyn and Co.
13	Dundee Union Bank	1809	Ditto	4	85	Glyn and Co.
14	Exchange and Deposit Bank		Edinburgh		1	
15	Falkirk Banking Company .	1787	Falkirk	1	5	Remington and Co.
16	Fife Banking Company	1802	Cupar Fife		39	(discontinued 1825.)
17	Greenock Banking Co.....	1785	Greenock	3	14	Kay and Co.
18	Glasgow Banking Co.	1809	Glasgow	1	19	Ransom&C. & Glyn C.
19	Hunters and Co.	1773	Ayr	3	8	Herries and Co.
20	Leith Banking Company ...	1792	Leith	4	15	Barnett and Co.
21	National Bank of Scotland.	1825	Edinburgh	8	1,238	Glyn and Co.
22	Montrose Bank	1814	Montrose	2	97	Barclay and Co.
23	Paisley Banking Company .	1783	Paisley	4	6	Smith, Payne & Co.
24	Paisley Union Bank.....	1788	Ditto	3	4	Glyn and Co.
25	Perth Banking Company...	1766	Perth	5	147	Barclay and Co.
26	Perth Union Bank	1810	Ditto		69	Remington and Co.
27	Ramsay's, Bonar's, & Co...	1738	Edinburgh	none	8	Coutts and Co.

Names of Firms or Banks.	Date.	Head Office.	No of Bran. ches.	No. of Part. ners.	London Agents.
28 Renfrewshire Banking Co..	1802	Greenock	5	6	Kay and Co.
29 Shetland Bank		Lerwick		4	Barclay and Co.
30 Sir Wm Forbes and Co. ...		Edinburgh		7	(Barclay) (Coutts)
31 Stirling Banking Company .	1777	Stirling	2	7	Kinloch and Sons
32 Thistle Bank	1761	Glasgow	none	6	Smith, Payne & Co.
Private Banking Companies who do not issue Notes.					
Thomas Kinnear and Sons .	1748	Edinburgh	none		Smith, Payne & Co.
Donald, Smith and Co. ...	1773	Ditto	none		Glyn and Co.
Robert Allen and Son		Ditto	none		Barclay and Co.
Alexander Allan and Co....	1776	Ditto	none		Barclay and Co.

Since the year 1826, the following Joint Stock Banks have been established.

Name.	Head Office.	London Agents.
Ayrshire Banking Company - -	Ayr - -	Williams and Co.
Glasgow Union Banking Co. -	Glasgow	Jones, Loyd, and Co.
Western Bank of Scotland - -	Glasgow	Jones, Loyd, and Co.
Central Bank of Scotland - - -	Perth -	Glyn and Co.

The houses of Thomas Kinnear and Son, and Donald Smith and Co., united under the firm of Kinnears, Smiths, and Co. This bank failed in September, 1834, as did also the bank of Robert Allen and Co.

IX.—BANKS IN IRELAND.

Name.	Head Office.
Bank of Ireland - - - -	Dublin.
Provincial Bank of Ireland - -	London.
Hibernian Bank - - - -	Dublin.
Northern Banking Company - -	Belfast.
Belfast Banking Company - -	Ditto.
Agricultural and Commercial Bank of Ireland - - -	Dublin.
National Bank of Ireland - - -	London.
Ulster Banking Company - - -	Belfast.
Royal Bank of Ireland - - -	Dublin.
Private Bankers.	
Messrs. La Touche, Esq. - - -	Dublin.
Messrs. Ball and Co. - - -	Ditto.
Messrs. Boyle, Low and Co. - -	Ditto.

For a farther account of the Banks of Ireland see the "History of Banking in Ireland."

X.—BANK OF AUSTRALASIA.

Incorporated by Royal Charter. Capital £200,000.

The above-named company has been formed for the purpose of establishing banks of issue and deposit in New South Wales, Van Dieman's Land, and other settlements in Australasia.

The charter (the terms of which have been fully agreed upon between his Majesty's government and the directors) is now in course of preparation; it constitutes the company a body corporate, and invests it with the powers and privileges usually granted to corporations; limits the responsibility of the shareholders to double the amount of their respective shares, and authorizes the directors, with the sanction of the lords commissioners of his majesty's treasury, to increase the capital from time to time by the creation of additional shares; such additional shares to be first offered to the shareholders in the company.

The charter requires that one half of the company's capital shall be paid up before the commencement of business, and that the entire capital shall be paid up within two years.

The capital of the company is therefore divided into 5,000 shares of £40 each, (500 of which are to be reserved for allotment in the Colonies).

The management of the company's affairs will be vested in the London board of directors, and the banks in the Colonies will be conducted by local directors and other persons duly qualified, who will be appointed by the directors in London.

A general meeting of proprietors will be annually held in London, at which a full report of the company's affairs will be submitted to the shareholders.

The proprietors will be entitled to vote according to the number of shares held by them respectively, in the following proportions: viz. for 5 shares and under 10, 1 vote—for 10 shares and under 20, 2 votes—for 20 shares and under 50, 3 votes—for 50 shares and upwards, 4 votes, and not more.

The deed of settlement (the draft of which is prepared) is to be signed by every shareholder on payment of the first instalment.

By the deed a power will be reserved to the directors, provided the sanction of his majesty's government shall be hereafter given thereto, of establishing banks in any other Colonies; the consent of a majority of the shareholders for so doing having been previously obtained at a meeting of proprietors to be specially convened for the consideration of that object.

The directors have been long engaged in maturing this undertaking, and they are fully satisfied that in no part of the world can capital be employed more advantageously and securely, than in carrying on the business of banking upon sound principles in the Colonies of Australasia.

Arrangements will be made forthwith to enable persons to effect remittances of money between Great Britain and the aforesaid Colonies, and inter-Colonially.—(*Prospectus.*)

XI.—COLONIAL BANK.

Capital £2,000,000, in 20,000 shares of £100 each.

One of the greatest benefits that can be conferred upon the West India Colonies will be the establishment of a good banking system, and the changes in the system of labour recently made and still in progress render it necessary to provide for the consequent extension of pecuniary transactions.

A Colonial bank cannot be established with advantage to the Colonies or the proprietary, except on a basis embracing Jamaica, British Guiana, and all the West India Islands; it is therefore intended that the whole of this scope shall be embraced in the operations of this bank.

The bank will employ its capital in discounting bills having substantial names as security, in lending money upon cash credits upon sufficient personal security according to the Scotch system; in dealing in bullion and exchanges, and generally in such business only as is conformable to what are held to be correct principles of banking, and will be precluded from lending money on mortgage of fixed property.

The bank will issue notes payable in dollars on demand.

The terms of a charter have been adjusted with his majesty's government, under which the responsibility of each shareholder will be limited to the amount of the shares for the time held by him, but before the bank can commence business, one-fourth of the capital, or £500,000 must be paid up.

It is intended to establish a principal bank at Kingston, in Jamaica, and branches at the outports of that island, whenever it shall be found that the business at those parts require such establishments. Another principal bank will be established at Barbadoes, and banks or branches corresponding to the extent of their business will be established in British Guiana and the other Colonies.

The great object of the undertaking being the advancement of the interests of the Colonies generally, the directors hope to receive the co-operation of the Colonists in the accomplishment of the end they have in view. They have under this expectation made a reservation of 3,000 shares for subscription by residents in the different Colonies, although to enable them to do so they have been obliged to reject numerous applications both from those connected with the Colonies and from capitalists in Great Britain.

As it is desirable that the required amount of capital shall be paid up with the least possible delay, the directors will be under the necessity of appropriating this reserve on the 1st of September next.

Such parties in the different Colonies as may be desirous of subscribing, are requested to address their applications to the secretary at the office of the Colonial Bank in London, No. 62, Old Broad Street, and so transmit the same through their correspondents in the United Kingdom, who must undertake for the payment of the deposit and future calls to the amount of 25 per cent., as without such undertaking no application can be attended to.—(*Prospectus.*)

XII.—BANK OF BRITISH NORTH AMERICA.

Capital, £1,000,000.

In 20,000 shares of £50 each, (one-fourth of which will for the present be reserved for the Colonies,) with power to increase the capital.

The directors having ascertained that a larger capital than £600,000 could be beneficially employed in carrying into full effect the objects of the company in the different North American Colonies, it has been resolved unanimously, to increase the capital from £600,000 to £1,000,000, by the issue of 20,000 instead of 12,000 shares of £50 each.

The rapidity with which the British North American Colonies have advanced in prosperity and commercial importance, the vast increase of their population, the high rate of interest, the fluctuation of exchange, the inadequacy of the capital already employed for banking operations, and the increasing facility of intercourse with the mother country, point out the different settlements of British North America as affording a secure field for the profitable employment of capital.

After several meetings attended by many of the merchants connected with the North American Colonies, it was unanimously resolved, "That it is expedient to form a banking company for British North America."

The management of the company's affairs to be vested in the London court of directors, and the banks in the Colonies to be conducted by local boards appointed by them.

A general meeting of the proprietors to be held yearly in London, to whom a statement of the company's affairs will be submitted.

With the view of securing to the shareholders the advantages of limited responsibility, a clause will be inserted in the deed of settlement to compel the directors, should it ever appear from the books that a loss has been sustained of one-third of the capital, to call an extraordinary general meeting of the shareholders, and submit to them a statement of the accounts for the purpose of determining on the expediency of dissolving or continuing the company.

The directors reserve to themselves power to apply for, and accept on behalf of the establishment, a charter of incorporation or act of parliament.

In the appropriation of shares, applications recommended by a director will be preferred.

A deposit of £10 per share to be paid within a period to be named in the letter of allotment, and the deed of settlement must be signed at the time of payment.

After payment of the deposit, the remainder of the capital will be required by instalments not exceeding £10 per share, at such intervals (if not less than three months) as the directors may find necessary to carry the objects of the bank into operation, of which due notice will be given.—(*Amended Prospectus.*)

XIII.—THE BANK OF SOUTH AFRICA.

Capital, £250,000.

It is proposed that the above-named company be formed for the purpose of establishing banks of issue and deposit in the British settlements in South Africa; and the business in London will be conducted by the above-named directors of the Bank of Australasia.

A memorial has been for some time before the lords of the treasury, praying that his majesty will be graciously pleased to grant a charter of incorporation to the Bank of South Africa similar to that recently obtained by the Bank of Australasia; but, to avoid the delay which might in this case prove disadvantageous to the interests of the company, the directors have determined, without waiting for the final decision of government, to commence operations, and to carry on the business under the terms and conditions of a deed of settlement, similar, as far as applicable, to that of the Bank of Australasia: and in case the directors should ultimately fail in obtaining a charter, a clause will be introduced, rendering it imperative on the directors, should it ever appear, from the books in London, that a loss by their business has been sustained of one-third part of the paid-up capital, to call an extraordinary general meeting of the proprietors, and submit to them a statement of the accounts, for the purpose of determining on the expediency of dissolving or continuing the Society, which shall be decided by the majority of the votes of those present, thereby preventing the possibility of loss beyond a certain amount, and as effectually limiting the responsibility of the proprietors as the terms of a charter could do.

Power will be reserved in the deed of settlement to establish banks in other Colonies eastward of the Cape of Good Hope, the concurrence of two extraordinary general meetings of the proprietors having been previously obtained for that purpose.

It is proposed that the capital of the Company be divided into 10,000 shares, of £25 each, two thousand of which will be reserved for allotment in the Colonies, the directors to have the power of increasing the capital: and, in case they should do so, the new

shares to be created, to be offered in the first instance to the then existing proprietors.

The management of the company's affairs will be vested in the London board of directors; and the banks in the Colony will be conducted by local directors, and other persons duly qualified, who will be appointed by the directors in London.

A general meeting of the proprietors will be annually held in London, at which a full report of the company's affairs will be submitted to the shareholders.

The proprietors will be entitled to vote according to the number of shares held by them respectively, in the following proportions, namely, for 5 shares, and under 10, one vote—for 10 shares, and under 20, two votes—for 20 shares, and under 50, three votes—for 50 shares, and upwards, four votes, and not more.

The deed of settlement is to be signed by every shareholder, on payment of the first instalment.

From the information the directors have been enabled to obtain, through a variety of sources, and from the expressed opinions, particularly of the inhabitants of the eastern province of the Colony, of the great want of banking accommodation, they feel confident there is every probability of a fair return for capital so employed; and there is no doubt that the influx of capital, caused by the formation of this company, will tend most materially to promote the prosperity of the whole Colony.—(*Amended Prospectus.*)

XIV.—THE FOREIGN BANKING COMPANY.

The extensive and rapidly increasing intercourse between England and foreign countries, renders it very desirable that a general and well-organized system should be adopted, by which their international pecuniary transactions may be carried on at any place, and at all times, with the utmost security and certainty, as well as with the least possible expense and trouble.

Upon these principles, and with these views, the Foreign Banking Company has been established.

Its business consists chiefly in receiving deposits for payments to be made abroad; in granting letters of credit, or bills of exchange, payable at any of the cities, and principal commercial towns in foreign countries; in making payments, and transacting pecuniary business in England for foreign correspondents; and in the issue of circular notes of £20 and upwards, payable at any of the numerous agencies of the company, where they may be presented: thus supplying travellers and others with a circulating medium of unquestionable validity, and universal application.—(*Prospectus.*)

XV. EAST INDIA BANK.

(*From the Times, August* 10, 1836.)

Some discussion having been raised on the merits of the undertaking for the establishment of a bank for India, which is one of the most important both in its character and consequences of any that have been brought forward for many years past, it is but justice to those immediately concerned to allow them to state their own case, that it may be seen what their claims are for the support they ask. The following is the prospectus which has been prepared and submitted to the Board of Control and to the East India Company for their approbation. It has been signed by near one hundred most respectable firms in London and the outports, and is still in progress of signature:—

"1. The state of the money-market in Great Britain, and the desire so generally evinced of obtaining in other than the ordinary modes of investment safe and profitable employment for the accumulating capital of the country, have led the undersigned to consider the present a very favorable moment for instituting on a very solid foundation a great banking establishment for British India.

"2. It is thought that in British India there is an ample field for the diffusion of British capital, and that with the co-operation of the East India Company and his majesty's government an establishment may be formed alike beneficial to the public in India and to the members of the proposed company.

"3. The banks in India are the Bank of Bengal and the Union Bank at Calcutta, a sort of government establishment for banking at Madras, and a bank at Agra, in Bengal; the Union Bank is the only one of which the capital is wholly furnished by individuals on the principle of a joint stock bank, but it has no charter, and its notes not being received by government at the treasuries of the collectors in the provinces, its circulation is very limited, and confined to Calcutta and its immediate vicinity.

"4. The Bank of Bengal is supported in a degree by the capital of the East India Company, and managed in part by the official servants of the Bengal government; the number of its directors being nine, of which three are appointed by the government, and six by the proprietors: the financial secretary, the accountant-general, and the sub-treasurer are the *ex-officio* directors. It has a charter from the East India Company, terminable upon a year's notice. Its capital, which was 50 lacs of rupees, divided into 500 shares of 10,000 rupees each, of which the government held 100 shares, or 10 lacs (one fifth), has recently been increased to 75 lacs, and the regulations for the discount of bills, and the amount of deposit in specie in proportion to its issue of notes, have lately been altered and improved. Its circulation in 1835 was one crore 16 lacs.

" 5. But the constitution of the Bank of Bengal prevents its becoming as efficient an instrument for the public service and for the public interests of British India as a bank ought to be and might be made. The defect in its constitution is its immediate connection with the government. A bank in India, to be really useful, should rely upon its own resources; and its connexion with the government should not be one of partnership, but of superintendence on the part of the latter. Government should share neither responsibility nor profit, but keep the action of the bank steady, within its prescribed limits.

" That the government at times requires for financial and revenue operations in peace, and for its expenditure in war, the aid of a wealthy bank is undeniable, but the primary object of its establishment should not be to afford assistance to the government. This, it is to be feared, will, however, always be the case, when the government are at once partners and managers of a bank.

" 6. But, notwithstanding its identity with the government, the Bank of Bengal is not what a wealthy and independent bank might be—viz., the government bank transacting the government business.

" The Bengal government keep their treasury quite distinct from the Bank of Bengal, but a bank properly constituted might supersede the necessity of the treasury, the financial agency at Canton and Madras, and thereby occasion a considerable saving to the East India Company; a bank relying upon its own resources, and those resources known to be large and adequate to its operations, might, adhering strictly to banking principles, not only transact at a moderate charge the public business, manage the payment of interest of the public debt, facilitate the receipt of the revenue and its subsequent diffusion through the various channels of the public expenditure, but it might provide the remittance to Great Britain of the sums required there for the home charges of the East India Company, and enable the East India Company to act up to the intention of the legislature, by keeping their government entirely aloof from that interference with the commerce of India which the present system of remittance involves.

" 7. At present the basis of the Bank of Bengal is too narrow for such a customer as the government, and, the bank and the government being one, the period of exigency of the government is the time of the distress of the bank also. But establish a bank of adequate dimensions, and its solid capital and extensive credit would enable it to render important pecuniary assistance to the government in times of political difficulty.

" 8. The state of society, however, in India is such, that it is most desirable to maintain a close connexion between the public bank and the government, and, to insure the proper administration of its affairs at such a distance from its proprietary, the government in India should possess a power of superintendence over the operations of the bank.

" 9. If the Bank of Bengal be not adequate to fulfil the functions required of a public bank, much less so is the Union Bank, with a limited capital, and without a charter, and since the failures which commenced in 1830, and when all the private banks were swept away, none have been established; nor is it to be desired that commercial agency and banking should ever again be united. It is clearly for the true interests of both that the separation should be strongly drawn.

" 10. This state of things, it is thought, offers a very favourable opportunity for the introduction into India of a large banking company, which would keep steadily in view the legitimate objects of such an establishment, and adopt throughout the acknowledged principles upon which a sound system of banking should be founded, modified only by the peculiar situation of India and of the East India Company."

XVI.—MIDDLESEX COUNTY BANK.

Subscribed capital one million, in 50,000 shares, of £20 each, with power to be increased to three millions.

The advantages of joint-stock banks have been so fully tested by experience, and the public voice has been so strongly declared in their favour, that it would be quite superfluous on the present occasion to prove the soundness of the principles on which they are founded, or to point out in detail the benefits which they are calculated to produce. It is sufficient to state, that such banks afford not only to those in the highest station in society, whether in rank or wealth, but also to the industrious middle classes engaged in agriculture and commerce, and the small capitalist, the means of participating in the profits arising from skill and capital, thus cementing the interests of all classes for the benefit of the empire, by the advancement of agriculture, commerce, and manufactures.

In a word, the security and satisfaction which joint-stock banks afford may be thus stated—the subscribers know it is their own capital that is employed, and managed by a directory bound to protect their interest, and of which they have the selection and control; and especially in times of commercial embarrassment, it is the interest and duty of joint-stock banks, without partiality or caprice, to relieve their own subscribers from immediate pressure, whenever the latter are in a situation in return to give sufficient security for the accommodation.

The county of Middlesex, containing within it the metropolis, and a population of nearly 3,000,000, the very centre of the British empire, is surely entitled to have a monetary system of its own, which should embrace all these advantages. This object it is intended now to carry into execution.

The subjoined list of joint-stock banks which have recently been formed, with the present steadily increasing value which their shares

bear in the market, presents the most encouraging prospects of the success of the proposed undertaking.

	Paid.	Premium per cent.
Bank of Birmingham	£10	£30
Birmingham Bank	5	180
Gloucestershire	5	120
Lancaster	10	50
Liverpool	10	120
Manchester and Liverpool District	15	80
Bank of Manchester	25	60
Northern and Central Bank of England	10	70
Halifax	20	50
London and Westminster	20	45
Huddersfield	20	50
Liverpool Union	10	50
Commercial Bank of England	5	50
Yorkshire District	10	30
Bank of Scotland	83	145
Royal Bank of Scotland	10	70
Provincial Bank of Ireland	25	80
British Linen Company	100	140
National Provincial Bank of England	25	30

It has therefore been determined that, under the act of parliament, 3d and 4th William IV. c. 98, a joint-stock banking company be established in the metropolis, under the title of the "Middlesex County Bank," with branches at Brentford, Edgware, and such other places in the county as may be necessary; and that agencies be formed in Manchester, Liverpool, Birmingham, Leeds, Edinburgh, Glasgow, Dublin, Belfast, and other populous and important places.

That the capital of the bank be £1,000,000, divided into 50,000 shares of £20 each, with power to be increased to £3,000,000 if required; the profits arising from the increased number of shares to be added to the capital stock of the company.

That this bank do transact business according to what are admitted to be the most correct principles as a bank of deposit, discount, loan, and agency.

That the company be considered as formed when 30,000 shares are subscribed for; as soon after which as possible, a general meeting of the shareholders be called, for the election of trustees, directors, and other officers.

That the business of the company be superintended by a board of management, consisting of a chairman and eight directors, with power to increase their number to twelve, to be chosen at the first general meeting of the subscribers called by the provisional committee. Three of the directors to retire annually in rotation, to be eligible, nevertheless, to re-election.

That each person on becoming a shareholder do pay 2*s*. 6*d*. per share to the credit of the provisional committee, for the purpose of defraying the expenses incidental to the formation of the bank.

That the first call be £2 10*s*. per share, and be made within one

month after the election of directors; and a further sum of £2 10*s*. per share be paid within three months after the latter payment; and the remaining £15 at such times as the directors may appoint: three months' notice of each call being duly given, and no call at one time to exceed the sum of £2 10*s*. per share.

That no subscriber holding less than fifty shares be eligible as a director, or do continue in office as such if he cease to hold the stipulated number of shares, or become a director or agent of any other bank; and that only one partner in a firm, at the same time, be a director.

That the qualification for voting at general meetings be—for ten shares, one vote; for thirty shares, two votes; for seventy shares, three votes; for one hundred shares, four votes; and an additional vote for every additional one hundred shares—the holders thereof to vote personally or by proxy.

That in the event of the company having lost at any time one-fourth of its paid-up capital, a special general meeting of shareholders be called by the directors, and the company be considered as dissolved, and be dissolved accordingly, unless a majority of the shareholders in number and value shall determine otherwise, and agree to pay the retiring proprietors the then value of their respective shares; the responsibility of the retiring proprietors thereupon to cease.

That the provisional committee do cause a draught of a deed of settlement to be prepared, embracing the above, and all other necessary clauses, for the security of the company and of the individual shareholders, and to be settled by Sir William Webb Follett, K. C., and Edward Jacob, Esq. K. C. The deed to be afterwards submitted by the directors to the shareholders for their adoption.

That in order to prevent any unnecessary delay in the formation of the company, the provisional committee do forthwith proceed to procure tenders for the erection of suitable premises for the bank, and make such other preliminary arrangements as they may deem proper.

That the names of the shareholders be not disclosed until the list be filed at the Stamp Office, as the law directs.—(*Prospectus.*)

XVII.—BOROUGH OF ST. MARYLEBONE BANK.

Capital £1,000,000, in 40,000 shares of £25 each. Deposit £1 per share.

The bank will open current accounts like other bankers, will receive sums as low as £5, and will allow interest on deposit accounts after a time and at a rate per cent. to be settled by the directors upon the Scotch system.

Will discount bills and transact all other business usually transacted by bankers.

Will accept agencies from country banks and other mercantile establishments.

Will grant cash credits in sums of not less than £100, upon approved personal and other security.

The deed of settlement effectually limits the responsibility of shareholders, by a clause that, in the remote possibility of the guarantee fund, and one-fourth of the subscribed capital being lost, the company shall be dissolved.

A power is reserved to the directors, to extend the operations to neighbouring districts, by branch banks, should circumstances appear to justify it.

In the appropriation of shares, a preference will be given to residents, and those likely, by their influence, to promote the interest of the bank.

The operations of the bank, and the advantages of cash credits, will not be confined to the residents within the Borough only, but extended to all residing within a convenient distance.

Applications for prospectuses, and the remaining shares, to be addressed, post free, to the secretary, at the offices of the bank, 9, Cavendish Square.

The directors of the Borough of St. Marylebone Bank conceive that they are called upon to direct the attention of the inhabitants of the Borough to their new establishment, which will open early in September next.

The advantages of joint-stock banking are so well known, and have been so completely proved in Scotland by the experience of more than a century, that it is not deemed necessary to enlarge on the subject. The magnitude of the capital subscribed—its division into so many small shares among resident and influential parties—the publicity given to the bank's affairs—the direction placed in the hands of men of local knowledge, sound judgment, and experience, having stake enough in the undertaking to secure their constant attention to its interests, yet not so great as to urge them into hazardous undertakings—the operations confined strictly to what comes within the sphere of legitimate banking—the general activity, zeal, and prudence which prevail in establishments to which so many eyes are constantly directed, constitute the main advantages and securities to the public afforded by the system of joint stock banks.

Such an establishment will contribute not only to the domestic convenience of the inhabitants of the Borough, but improve their civil condition, by uniting them in one common interest; rendering them independent of external aid, and confining to their own district the profits and advantages which, under good management, cannot fail to result from the undertaking. In fact, it goes to the extent of modelling, with little trouble and no risk, the entire population of the Borough into one productive partnership for beneficial purposes, highly to be desired and not otherwise to be obtained, possessing, besides, the peculiar advantage of being dissolved at will by

each individual *quoad* himself, or of being continued during his life and transmitted to his family.

As this view of the matter has hitherto influenced the promoters of the bank, as much as the desire of profit, the directors feel assured that the undertaking will be met in a like spirit, and that by cordial co-operation on the part of the community, the prosperity and importance of the Borough will be upheld; and not only a rich harvest secured to the shareholders, but the other great objects of the undertaking, namely, the establishment of a sound system of banking, the advancement of commerce, and the encouragement of industry, be effectually promoted. Apart from every other consideration, unions for such objects merit the countenance of men of all parties, and more particularly of those who feel alarm at combinations of another character, as a stake in the commercial prosperity of the country is one of the firmest guarantees of social order.—(*Prospectus.*)

XVIII.—BRITISH DISCOUNT BANKING COMPANY.

Capital, £5,000,000, in 100,000 shares of £50 each. Deposit, £1 per share.

The directors of several of the principal joint stock banks having expressed a desire for the formation of such an establishment as the one now submitted to the public, it has been determined that a company be established in the metropolis, under the title of the British Discount Banking Company, for the purpose of making a profitable use of the dormant capital of such of the joint stock banks of the United Kingdom as may happen, at any time, to have such surplus, and of lending it out on discount, to such other of the joint stock banks as may from time to time require the same; and to extend, under perfect security, the banking and commercial operations of the City of London.

PROPOSED CONDITIONS.

1st. That the capital be five millions, divided into 100,000 shares of £50 each, with power in the deed of settlement to increase the shares to 200,000 at £50 each, if required.

2nd. That the business of the company be superintended by a board of directors; the number to be fixed, and the persons to be chosen, at the first general meeting of the subscribers to be called by the provisional committee.

3rd. That when 10,000 shares are subscribed for, a general meeting of the shareholders shall be called, for the election of directors.

4th. That each person, on becoming a shareholder, do pay £1 per share to the account of the provisional committee, at the banking house of Messrs. Williams, Deacon, Labouchere, Thornton, and Co. for the purpose of defraying, in the first place, the charges

incidental to the formation of this establishment; the surplus to be held at the disposal of the elected directors, for the benefit of the company.

5th. That a call of £5 per share be made within thirty days after the election of directors: that a further call of £5 per share be payable within three months of the day of payment of the first call; and that the remainder be payable at such times as the directors shall appoint. Provided that three months' notice of each call be given, and that no call at any one time exceed £5 per share.

6th. That no subscriber, holding less than fifty shares, be eligible as a director; and that if any director cease to hold fifty shares, become bankrupt, or be declared insolvent, he shall be thereby disqualified from continuing in office.

7th. That the qualification for voting at general meetings, be for five shares, one vote; fifteen shares, two votes; forty shares, three votes; seventy shares, four votes; one hundred shares, five votes, and an additional vote for every hundred shares. The holders thereof to vote in person or by proxy.

8th. That in the event of the company having lost at any one time one fourth of its paid up capital and its surplus fund, a special general meeting of shareholders be called by the directors, and the company be considered as dissolved, and be dissolved accordingly, unless a majority of shareholders in number and value shall otherwise determine, and agree to pay the retiring proprietors the then value of their respective shares; the responsibility of the retiring proprietors thereupon to cease.

9th. That the provisional committee do cause a draft of a deed of settlement to be prepared, embracing the above, and all other necessary clauses for the security and efficient management of the company, and of the individual shareholders; the deed, after having been settled by counsel, to be submitted by the directors to the shareholders for their adoption.

10th. That in order to prevent any unnecessary delay in the formation of the company, the provisional committee do forthwith proceed to procure suitable premises, and make such other preliminary arrangements as they may deem proper.

11th. That the above conditions be subject to the approval or modification of the subscribers at the first general meeting.

XIX.—THE LONDON JOINT STOCK BANK.

Capital £3,000,000, in 60,000 shares of £50 each.

For the purpose of enabling the inhabitants of the metropolitan districts to participate more extensively than they can at present in the advantages offered by the new system of banking, by means of joint-stock establishments,(the principles of which are proved to be in every respect as applicable to the metropolis as they are to pro-

vincial towns, where private banking establishments are rapidly merging in joint-stock banks,) it has been resolved, after deliberate consideration, to form a joint-stock banking company, to be called "The London Joint-Stock Bank," with a capital of £3,000,000, divided into 60,000 shares of £50 each.

The company will transact all the various branches of business legitimately belonging to the banking concerns, and to the general agency in the money market, under the superintendence of a chairman, deputy chairman, and board of directors; and the funds of the bank will not be invested in the purchase of foreign loans, or stocks, or of landed property, mining, canal, rail-road, or other shares, or articles of trade or commerce.

A general meeting of the company will be held at the expiration of twelve calendar months from the period of commencing business, and thenceforth general meetings half-yearly, when statements of the company's affairs will be laid before the proprietors, and dividends declared.

With a view of effecting a consolidation with some London private banking firms, a power will be contained in the deed of settlement, of admitting members of such firms into the directorship, and shares will be reserved for the purpose of facilitating arrangements of that nature. A reserve of shares will also be made for country bankers, the directors and proprietors of joint-stock banks in the country, who may give to the company their London agency, and for parties who may hereafter open accounts with the bank, or have the means of increasing its business.

The directors will cause a deed of settlement to be prepared in conformity with the acts of parliament relating to joint-stock banks, which will contain all proper provisions for the security of the company, for the protection of the individual subscribers, and for increasing or diminishing the capital as occasion may require.

When it shall be deemed expedient to apply for further powers from the legislature, or through the medium of a charter, it is contemplated to make such application.

The company will be considered as formed so soon as 30,000 shares shall have been subscribed for, and business will be commenced as soon afterwards as possible.

The deposit will be £2 per share. The calls will be in the discretion of the directors, not exceeding £5 per share in any case, and three months' public notice will be given of each call after the first.

XX.—THE BANKERS' UNION ASSOCIATION.

The success which has attended joint-stock banks, the value at which the shares in them are estimated by the public, and the number which are forming throughout the country, have led to the supposition that they will not only prove formidable competitors to private banks, but that in many places, they will eventually super-

sede them; and some banks have in consequence been induced to convert themselves into joint-stock companies, and others to dispose of their business to them, without reference to the breach of confidence by the exposure of the private affairs of their customers, which such a step in a greater or less degree involves.

But, notwithstanding this, and the high respectability of the great majority of the private banks now in existence, it cannot be denied, that this disposition is beneficial to the community—that it is highly desirable that private banks should convert themselves into joint-stock companies, and that to facilitate this successfully in good faith to all concerned, would be a great public advantage.

But the terms, hitherto obtained by those banks which have converted themselves into joint-stock companies, have not been such as to render the operation a particularly desirable one. In cases were bankers have sold their concerns in bulk, so to express it, the sum given has not been more than from one to three years' purchase; and where they have been disposed of by an issue of shares at a premium, which is the most advantageous mode of proceeding, more than six years' purchase has rarely been obtained, even in the most successful instances; while in others, the attempt has altogether failed.

Now the highest of these terms is much below the market value of such a concern. This will be seen by reference to the following prices of such shares, from the bankers' circular of the 17th of June, the last published at the date of these observations:—

SCOTCH BANKS.

	Shares. £		Price per share. £	Dividend per Ann. £ s.	
Bank of Scotland	83 : 6 : 8	.....	184	6 0	per share
Royal Bank of Scotland...	100	.....	162	5 10	,,
British Linen Company ...	100	.....	240	8 0	,,
Commercial.....	500	(100 paid)	162	6 0	,,
National	100	(10 paid)	15	0 10	,,
			763	26 0	

If, therefore, £763 produce £26, £100 will give £3 8*s.* 2*d.*; or say 29 years' purchase.

ENGLISH BANKS.

	Shares. £	Paid. £	Price per sh. £ s.	Dividend. £ s. d.	
Provincial Bank of Ireland (established in London)	100 ...	25 ...	47 0 ...	2 0 0	or 8 per cent.
Manchester.....	100 ...	25 ...	38 0 ...	1 15 0	or 7 ,,
Liverpool	100 ...	10 ...	14 10 ...	0 12 0	or 6 ,,
Birmingham Banking Co.	50 ...	5 ...	19 10 ...	0 10 0	or 10 ,,
Halifax	100 ...	5 ...	21 0 ...	0 12 6	or 12½ ,,
Huddersfield	100 ..	20 ...	35 10 ...	2 10 0	or 12½ ,,
Manchester & Liverp. Dis.	100 ...	10 ...	17 0 ...	0 15 6	or 7½ ,,
			£192 10	£8 15 0	

If £192 10*s* produce £8 14*s.* 6*d.*, £600 will produce £4 10*s.* 8*d.*; or say 22 years' purchase.

This, we believe, gives a tolerably fair estimate of the value put upon the stock of these banks by the public; and it will thus be seen that the divided profits of the old established Scotch banks sell at about 29, and of the English banks which have been more recently formed at about 22 years' purchase, and that consequently bankers have hitherto sold their business at less than their real value.

The best, perhaps the only mode in which a banker can dispose of his business to advantage, is in shares: and the plan hitherto adopted, in the most successful instances in which a business has been disposed of in this manner, has been for a banker to take a certain number of the shares himself, and issue the rest to the public at a given premium. But there are three reasons why this will not produce the full value of the business disposed of,—first, the shares are sold before a dividend has been paid upon them, and bank shares have never attained their full price till after the banks were established and a dividend made corresponding with the profits realized; secondly, the effectual demand for such shares must always be in the neighbourhood of the bank, or by parties locally acquainted with it, which renders the market a confined one; and lastly, too many shares are brought into this limited market at one time.

In order, therefore, to enable a country banker to dispose of his business in the most successful manner—first, he must dispose of it in shares; secondly, there must be a dividend payable upon them at the time they are disposed of; thirdly, they must be brought into the market by degrees; and fourthly, the market must be enlarged, or the supply limited—and it is conceived that these advantages will be in a great degree obtained by an establishment on the following plan, without involving the exposure in any offensive degree, of the private affairs of individuals.

PLAN.

1. That a joint-stock company, to be termed "The Bankers' Union Association," be established in London, with a capital, to be subscribed and enlarged, on the following principles.

2. That this association, shall take one-third, or such portion as may be agreed upon in each case, of the shares of such country banks as may be disposed to convert themselves into joint-stock companies in connexion with it; but that instead of paying to the country banks the capital thus subscribed, the association shall hold it in London as a fund, in case of emergency, allowing the country banks the interest obtained for it in the funds or other securities.

3. That in consideration of the one-third of the profits of each local bank thus relinquished and transferred to the association, the partners of each local bank shall be allowed shares in the association, proportionate to the number of shares held by the association in the said local bank, or to the amount of profit which the association may derive from it.

4. That the remaining two-thirds of the shares of each local bank, shall be held by the partners, under a deed of settlement, which shall enable them to dispose of such shares to the public by degrees, as they can do so to advantage.

5. That each country bank shall be managed by the existing partners, with the addition of such limited number of local directors as may be deemed advisable: but that the association shall receive periodical returns, and possess such powers as may be requisite to provide for good management, where at any time it may be found not to exist.

6. That a special agreement shall be made in each case, which shall define the arrangements for properly carrying the above principles into effect, or by which they may be altered or modified according to circumstances.

To illustrate this part of the plan, it may be observed, that by taking shares in the association equivalent to the shares held by the association in the local banks, the country bankers will thus virtually transfer their local shares to the London market, where any amount may be sold at their full market value, in any concern possessing public confidence.

The number of shares to be locally disposed of will likewise be diminished by the amount taken by the association; and they can of course be issued by degrees, with such a dividend payable upon them as the profits of the concern will justify.

In taking the business of the private banks, the association will not only do so on safe principles for itself, but for every local shareholder; while the superintendence of the association, and the interest it possesses in each concern, will increase public confidence in the management, and this will naturally increase the value, and improve the demand for the local shares. By these means, although some would have to be disposed of to customers at less than their market value, yet they would sell higher, and twice as much premium would be obtained for them upon the whole, than if issued upon the plan hitherto adopted.

The superintendence of the association will also render it unnecessary that the local banks should have so large a number of directors as is usually possessed by joint-stock companies, so as to prevent that exposure of the private affairs of individuals, which is considered so objectionable. This, independently of its propriety, will likewise be a considerable advantage to the future bank, by removing the greatest objection to joint-stock companies, viz. that they bring so many people acquainted with the private affairs of their customers.

By this arrangement each local bank will be supported by the credit and capital of the association, as well as its own, which will give it a great advantage over other local joint-stock banks, more especially if they have small capitals, inasmuch as depositors generally give a preference to banks with the largest capitals, and bor-

rowers to those that are found to have the largest means of accommodating them.

Other facilities might be pointed out, which a banker would experience in converting his bank into a joint-stock company on this plan, proving it altogether the most eligible, as well as most profitable, process he could adopt, if this were all.

But there is another advantage it possesses. A very large capital will be accumulated. Every adhesion, it is conceived, of an average sized local bank will add 20,000*l.* or 30,000*l.* to the capital of this association, so that a hundred such banks would raise it from two to three millions. This capital will also be accumulated in London, and will be amply sufficient to sustain the credit of a London bank, while the agency of the country banks will form in itself a valuable London business.

THE LONDON UNION BANK.

It is therefore proposed,

7. That the association shall likewise establish, under the above title, a separate bank in London, on the principles of the London and Westminster Bank, to which the local banks shall transfer their accounts, and which shall take the accounts of individuals, and transact other London business.

8. That the London Union Bank shall be managed by a limited board of directors, under the superintendence of the association, in the same manner as the local banks.

By this arrangement the profits of a valuable London business will be added to the profits derived from the local banks. This will of course give additional value to the shares of the association, so that upon the whole it is conceived that country bankers, through the medium of this association, will, in the majority of cases, get twice the sum for their concerns that they could obtain in any other manner, and with much greater convenience to themselves, as well as satisfaction to their customers.

THE FIRST ESTABLISHMENT OF THE COMPANY.

Although this association is expressly intended for the benefit of the country bankers, it could never be formed by an union amongst themselves, for every bank is differently circumstanced, and they could never settle and arrange their respective interests in the undertaking, founded upon the relative value of their respective banks. Besides, if it were formed by themselves, the public might possibly have no confidence in it, and not purchase its shares, which would prevent more bankers from joining it, and at once defeat all the benefits proposed, both to the public and the bankers themselves, from the institution. It must, therefore, be established independently of the country bankers, in the first instance, and be managed by parties having no interest in the country banks proposing to form an union with it; after indeed, such an union has taken place,

bankers may take a part in the management with advantage; for though a banker joining the institution will naturally be happy to do so on the most favourable terms to his bank, yet the moment his arrangement is completed, it is his interest that all subsequent arrangements should be made on the most favourable terms to the company.

ORIGINAL CAPITAL.

The association will, therefore, begin with a separate and independent capital: but as every additional connexion will produce such a great augmentation of capital, it is not necessary that it should be large at its commencement. Neither is it desirable that the original capital should be allowed to participate in the profits to the full extent, until the concern be completely established, by a certain number of country banks having joined it, which result will be accelerated by such an arrangement. It is therefore proposed,

9. That the original capital shall be £500,000, in 10,000 shares of £50 each, upon which it is not anticipated that more than £100,000, or £10 a share, will be required to be paid up, by a deposit of £2, and two instalments of £4 each.

10. That some allowance shall be made by each local bank to the association, to cover the expense of superintendence; and that the excess of such expense at the outset, shall be carried to the account of the fund arising from this source, to be eventually repaid by it.

11. That not more than from four to five per cent. dividend shall be paid upon the original capital, until a certain number of banks have joined the concern, as shall be hereafter arranged.

The advantages to the subscribers of the original capital will be very considerable. Every country banker, for the shares he subsequently obtains, will have to bring an actual amount of profit, as well as a valuable connection to the concern, in which the original shareholder will participate; although it may be proper to postpone this to the full extent for a short period. It always requires some little time before any bank can attain complete success; but where an actual dividend is paid, and the prospects are good, the shares will be at a premium, though the dividend may be low. The shares of the London and Westminster Bank for instance, deriving its profits exclusively from a town business, sell at 25 per cent. premium, although it only pays four per cent. dividend. But the capital of this company will derive its profits from an established country, as well as from a town business, and the original subscribers, more especially those who obtain their shares without a premium, will be placed in a very favourable situation.

12. That in places where there are no private banks, or where no arrangement with any private bank can be made, the association shall originate a joint-stock bank, should it appear advisable, as well as adopt all other measures that may be deemed proper for the wel-

fare of the concern; which advantages, together with the profits of the London business, will be obtained on behalf of the existing shareholders, without the creation of new shares, except at a premium for their benefit.

It is proposed that the first half of the shares in the original capital shall be issued to the public without premium, and the other half at such premium for the benefit of the concern, as may hereafter be determined.

Applications for shares (postage paid) may be addressed to

T. JOPLIN,
29, *St. Swithin's Lane, Lombard Street.*

ADDRESS TO COUNTRY BANKERS.

LONDON,
29, *St. Swithin's Lane, Lombard Street.*

GENTLEMEN,

You will be apprised by the annexed prospectus, to which I beg leave to refer you, that an establishment is in progress of formation for the benefit of country bankers. It is indeed necessary, in order to its being brought into successful operation, and to its attaining not only public confidence but that of the bankers themselves, that it should commence with an independent capital and management; though there can be no objection to bankers individually subscribing a portion of that capital, if they wish it. But as it is proposed that this independent capital shall only be £100,000, out of some millions subscribed by the bankers, in terms of the prospectus, it will clearly be perceived that the association will, in point of fact, be simply a union of bankers.

It is anticipated that the banks which join the association will obtain from ten to twenty, or even perhaps twenty-five years' purchase for that portion of their profits which they may transfer to it.

Let it be supposed, for example, that a hundred banks join the concern, yielding it, upon the average, a thousand pounds a year each; that the London business, supported and fostered by the agency and connexion of these hundred banks, leaves, after deducting expenses, thirty thousand pounds a-year profit; and that ten thousand pounds a-year be derived from establishments formed in the country without purchase — making altogether one hundred and forty thousand pounds a-year of net profits, after deducting all expenses. Let us next suppose, that out of this, only one hundred thousand pounds be divided, over and above the dividend on the original capital, and that from thirty to forty thousand pounds a year be allowed to accumulate as a reserved fund to sustain the dividends, and eventually to increase them. This reservation being generally understood, the divided profits would sell at not less than twenty-five years' purchase, yielding four per cent. interest to the purchaser. This, upon an equal division of the shares amongst

the hundred banks, would give to each twenty-five thousand pounds for the thousand pounds a year assigned by it to the association. This calculation, however, proceeds upon the assumption that each banker retains his interest in the concern until it be completely established by the adhesion of a large number of banks. If he does not hold his shares, but disposes of them at once, he will of course make less by them. But the connexion, under any circumstances, would be highly profitable, independently of its many other collateral advantages.

It may also be observed, that this institution will even be useful to those banks that may wish in preference to form themselves into independent local companies, inasmuch as it gives them an alternative which may render them more independent of the local parties with whom they are negotiating; and even private bankers, who may have no present intention of forming their banks into joint stock companies, may not be sorry to witness the success of the undertaking, perchance they may be induced at any future time to alter their present views upon the subject.

Hence it may be considered to recommend itself to the goodwill, if not support, of every country banker, whether he may have any immediate wish to join it or not.

I am,
GENTLEMEN,
Your most obedient servant,
THOMAS JOPLIN.

September, 1836.

XXI.—SURREY, KENT, AND SUSSEX BANKING COMPANY.

PARENT ESTABLISHMENT IN SOUTHWARK; PRINCIPAL BRANCH IN LAMBETH.

Capital, £2,000,000 in forty thousand shares of £50 each. Deposit £5 per share.

In projecting the establishment of a new joint stock banking company, it cannot be necessary to say a word in recommendation of the principle on which such banks are founded.

Their history is short. They sprung from necessity. The panic of 1825 provoked an inquiry into the banking system, and the result was the enactment of the 7th Geo. IV.—the statute to which they owe their origin in this country.

They have been tendered by the legislature as a safe medium of commercial transactions; they have been accepted by the leading capitalists; and they have received the stamp of approbation and implicit confidence from the great mass of the population of the three kingdoms.

How have they obtained such approbation and confidence? By

the number and wealth of their proprietors—by the publicity of their transactions, consequent on their number—by their actually subscribed capital—by the security which they offer for the fulfilment of their engagements—by the almost unlimited credit of a large and rich proprietary—by the power they thence derive to afford to the public the greatest accommodation consistent with prudence—by the individual influence of each member of the company, whose exertions secure to it considerable business at the outset—by their perfect freedom from dread of the sudden and ruinous checks to which private banks, however solvent and honourable the partners, are liable, in those panics which seem to occur periodically in great trading communities. These are advantages which are found to be obtainable only from banking companies founded on the joint stock principle.

Their success has been extraordinary. Established in England, Scotland, and Ireland, their shares command high premiums, in many cases exceeding one hundred per cent. on the paid up capital. Their stability and prosperity in Scotland, from the date of their original foundation up to the present hour, are notorious: it is established beyond a question, that no principle of banking which has yet been subjected to the test of experience has afforded an equal extent of credit with equal security. By a parliamentary return, it appears that up to the 21st of March last, there were 61 joint stock banks established, with their branches at 472 places, and consisting of 15,673 shareholders. With such facts, surely it may be affirmed, that the Chancellor of the Exchequer did no more than pronounce the judgment of the great commercial community, whose interests he is bound to protect, when he lately declared in his place in the House of Commons, that—"He looked upon the principle of joint stock companies as one of the great discoveries of modern times. He regarded them, when made responsible to public opinion, as the ground on which all successful enterprise must be founded. He said further, that if there were any one description of business to which the principle of a joint stock company could be more applicable than another, it was, under due restrictions, the business of banking."

After this brief reference to the abundant evidence which exists in favour of joint stock banking companies, and when it is seen also that such companies have been formed, or are in the progress of formation, in all the metropolitan districts on the north side of the River Thames, it is confidently assumed that a joint stock banking company cannot fail to be most successfully established, and to have peculiar advantages, in such a district as that of Surrey, Kent, and Sussex. In Southwark it is proposed to fix the parent establishment; and the field open to its operations includes within its extensive boundaries the important borough of Lambeth, Guildford, Farnham, Kingston, Godalming, Dorking, Reigate, Croydon, Richmond, Rotherhithe, Dover—presenting an opportunity for opening a direct

communication with the continental banks—Deal, Sandwich, Ramsgate, Margate, Ashford—the depôt for the profits of the rich pasturage of Romney Marshes—Canterbury, Maidstone, Tonbridge Wells, Tenterden, Rochester, Chatham, Stroud, Gravesend, Dartford, Greenwich, Deptford, Chichester, Worthing, Arundel, Hastings, and Brighton.

Another important feature is, that in the county of Kent are some towns of considerable extent, having a population of great commercial enterprise, and where banks of issue may be established, communicating with the parent bank.

It is proposed to establish agencies, as the directors may determine, in the principal towns of Surrey, Kent, and Sussex.

The parent bank and branches to open accounts with commercial houses and private individuals.

To open accounts on a liberal principle, for the accommodation of tradesmen and others, to whom the advantages of banking have hitherto not been extended.

To open accounts of deposits, a rate of interest being payable on the sums deposited.

To open cash credit accounts, on the plan advantageously adopted in Scotland; by which parties who shall have furnished approved securities, shall be allowed to draw on the capital of the company.

To grant letters of credit, on receipt of deposits, for all the principal cities and towns of foreign countries.

To discount bills for parties who have no account with the company.

To receive dividends; army, navy, and civil pay, and pensions: proceeds of ecclesiastical property; and rents; and to transact financial business generally.

The following principles are laid down for the constitution of the company :—

1. Thirty days' notice, by public advertisement, will be given of the call for the second instalment; the third, fourth, and fifth instalments, will be called for at such intervals as the directors may fix, thirty days' notice being given of each call; and the sixth instalment will not be called for without the sanction of a general meeting of the shareholders, convened by public advertisement, affording a notice of thirty days.

2. There will be a reserve of shares, which the directors will be empowered to distribute for the benefit of the company.

3. Shareholders will be entitled to one vote for five shares; to two votes for twenty shares; to three votes for fifty shares; and to five votes for one hundred shares and upwards.

4. The dividends will be declared half-yearly.

5. A proportion of the profits will be reserved to form a permanent guarantee fund; and after a sufficient accumulation the entire future profits will be divided among the shareholders.

6. A balance sheet, shewing the state of the financial affairs of the company, will be open to the inspection of the shareholders.

7. The managers of the branch banks will be required to make weekly reports to the parent establishment.

8. The liability of the shareholders will be clearly defined. A clause will be inserted in the deed of settlement, which will provide, that should one-third of the paid up capital, exclusive of the guarantee fund, be ascertained to be lost, a general meeting of the shareholders shall be instantly called, to consider the propriety of dissolving the company.

XXII.—THE TRADESMAN'S JOINT STOCK BANK.

Capital (paid up) £100,000 (with power to be increased) in 20,000 shares of £5 each. Deposit £1 per share.

This bank has been established for the benefit of tradesmen and shopkeepers, who cannot generally afford to allow remunerating cash balances to remain with bankers, and who are in consequence forced to pay exorbitantly for the discount of their small bills in irregular channels. The interests of 30,000 tradesmen in London, and the 100,000 in its environs, may thus be concentrated in an establishment which shall supply their legitimate financial wants, and at the same time divide among themselves the profits of their union.

The principles of joint-stock banking are now well known; they combine liberal accommodation with increased security and large profits.

The bank will be one of deposit, discount, and agency; will be situated in a central part of London; and will be open, daily, from nine in the morning until seven in the evening.

Interest at the rate of three per cent. per annum will be allowed on deposits of not less than £10: which may be withdrawn by a notice of fifteen days, or by draft on the company at the same date.

Persons keeping a less balance than £50 to pay £2 a year in advance for the management of their accounts, except only proprietors of 20 shares or upwards, not being bankers or public companies, accounts with whom will be the subject of special agreement.

Bills may be made payable at the bank by persons not keeping continuous accounts, provided the necessary funds are duly paid in, with a commission of one shilling each, for the regular payment of such bills.

Cheques and bills due in London presented for honor on the same terms.

Temporary deposits will be received from foreigners and others not permanently resident in London.

Thirty shares to qualify for a director.

Five shares to have one vote; twenty, two ditto; fifty, three ditto; one hundred, four ditto.

The capital to be paid up in five payments, viz: £1 on each share,

within seven days after allotment, the remainder in four instalments of £1 each, with at least sixty days' interval after the second instalment, and by notice of twenty-one days.

The deed of settlement to be drawn by an eminent legal practitioner.

Should one-third of the capital ever be lost, the company to be dissolved, all its transactions closed, and its net assets distributed among its shareholders. Accounts to be made up quarterly, and the balance-sheet always open to the inspection of the shareholders. Dividends half-yearly.

XXIII.—LOAN BANKS.

FRIENDLY LOAN SOCIETY.

Enrolled pursuant to the provisions of 5 and 6 William IV. ch. 23.

The Friendly Loan Society is established for the purpose of lending at interest, to industrious persons of good character, small sums, not exceeding £15, to be repaid by weekly instalments.

The great advantages belonging to this method of assisting those who are in temporary distress are now very widely acknowledged. "The impossibility of obtaining the use of a small sum of money at particular moments frequently causes whole families to fall into sudden distress, from which they can never again extricate themselves; and frequently excludes an industrious man from all hope of bettering his condition when opportunities arise. And this occurs even where it is evident that the means of subsequent repayment might be produced with ease and certainty." The benefits of such a society extend even beyond the alleviation of these evils. "Wherever a loan fund has been established, its tendency has not only been to prevent distress, but the invariable and immediate consequence has been to promote industry, honesty, sobriety, and other moral virtues, within the circle to which it extended, among that numerous class who, from their situation, looked forward to the possibility of wanting its aid at any future time."

The immense value of such societies to the poor industrious classes is clearly indicated by the existence of the numerous money clubs already established among themselves.

These money clubs are associations for the purpose of lending money at interest to the subscribers in turn; but partly through the ignorance of their members, partly through the interested rapacity of those who profit by their abuses, they are often productive of greater evils than they were intended to remedy. The extent to which these clubs have long existed in the metropolis is almost incredible. Almost all are ill-conducted. Charges and forfeits of the most extravagant and oppressive kind are accumulated against the borrower, who seldom pays less, in the whole, than £25 per cent., at

the least, for the use of the money he obtains. All the business is transacted in public-houses, where, by the rules, a certain quantity of liquor must be paid for by each member at every meeting. The applicants for a loan are made to ballot for precedence, being thus forced to pay heavily, and to gamble for the chance of being allowed to borrow money at an usurious rate of interest.

It has been ascertained that the members of these clubs are, for the most part, sober men, in regular employment, and, with few exceptions, married men, with families. Many of them are aware of the exorbitant and cruel character of the rules of the society to which they belong, but submit to them rather than forego the delusive advantages which it holds out to them.

Benevolent persons have promoted the establishment of loan societies on better principles, in various parts of the kingdom, and with the most gratifying results: an account of some of these may be seen in Mr. Trench's pamphlet already quoted. In Ireland, these societies have been long known, and are warmly panegyrized by the parliamentary committee appointed to consider the distress of that country. At Tunbridge, Bath, Bristol, Great Missenden, Lorton, and other places in England, the same plan has been followed with the same good consequences. A society of this kind, termed the Benevolent Loan Society, has existed in Sloane Street since 1817: and, in nineteen years, has issued the sum of £22,438 in 3,422 loans, averaging therefore only £6 11*s.* in each loan, although there is no fixed limit to the sums which it advances. This shews how small a sum is, for the most part, needed in individual cases. The last-named society does not require interest to be paid on its loans, a plan which has been rejected, upon mature consideration, by the promoters of the Friendly Loan Society, as not calculated to give the fullest development to the advantages expected from its institution.

In the last session of parliament, a most useful act was passed for the encouragement of Loan Societies, exempting their securities from stamp duty, and giving a power of recovering arrears of loans by summary process before a magistrate.

The co-operation of the judiciously benevolent is confidently appealed to for the support of the Friendly Loan Society, by the agency of which they will be enabled to effect an incalculable amount of good at a very trifling sacrifice.

RULES OF THE SOCIETY.

1. The capital is to be raised by voluntary advances, for which, if not less than £5, debentures on the stock of the society will be given: each contributor of £5 or more will receive £3 per cent. interest on the amount of his advance, and will be entitled to withdraw it on giving three months' notice.

2. Applicants recommended by contributors will have a preference in obtaining a loan.

3. Donors of one guinea or more annually, or if ten guineas in one sum, will have the same privilege as contributors, in recommending applicants for a loan.

4. All sums received, whether by way of advance or donation, will be carried to the account of trustees, who will authorize the application of them to the purposes of the society, but will not be liable for any deficiencies.

5. The business of the society will be transacted by a committee of management and a treasurer, chosen by the contributors of £20 or more, and donors of ten guineas or more. The treasurer will give security to the trustees, if required, according to the act, but will not be liable for losses from loans, if made according to the rules of the society.

6. No money will be lent but to persons who can produce to the committee a satisfactory certificate of good character, besides the security of some solvent person for the repayment of the loan.

7. To meet the expenses of management, every applicant for a loan must pay 1s. for a copy of the rules; and if a loan is granted, will be charged £5 per cent. interest on the sum advanced, which he will be required to repay by small weekly instalments.

A list of donors and contributors will be published, and a meeting called for the purpose of choosing the managers as soon as a sufficient sum is subscribed for, to enable the society to commence operations.

For a farther account of loan banks, and of saving banks, I refer the reader to my "History and Principles of Banking."

SECTION XII.

REPORT OF THE COMMITTEE OF THE HOUSE OF COMMONS UPON JOINT STOCK BANKING.

The following are the members of the committee.

Mr. Chancellor of the Exchequer.

Sir Robert Peel.
Mr. Poulett Thomson.
Sir James Graham.
Mr. Clay.
Mr. Goulburn.
Mr. F. Baring (*Portsmouth*)
Mr. Loch.
Mr. Morrison.
Mr. John Abel Smith.
Mr. Pattison.
Sir John Wrottesly.
Mr. Mathias Attwood.
Mr. Strutt.
Sir Thomas Fremantle.

This committee was nominated by the Chancellor of the Exchequer; but the motion for a committee was made on the 12th May, 1836, by Mr. Clay, the member for the Tower Hamlets.

The committee examined the following witnesses.

Mr. Edmund Burdekin, Manager of the Bank of Manchester.

Mr. John Stanway Jackson, Manager of the Manchester and Liverpool District Bank.

Mr. Robert Gilbert, formerly Director of the late Norwich and Norfolk Banking Company.

Mr. Thomas Ninamo, formerly Manager of ditto.

Mr. John Amery, Manager of the Stourbridge and Kidderminster Banking Company.

Mr. Paul Moon James, Manager of the Birmingham Banking Company.

Mr. Joseph Gibbons, Director of ditto.

Mr. Vincent Stuckey, of Stuckey's Banking Company.

Mr. Walter Gibson Cassels, London Agent of the Northern and Central Bank of England.

General Austin, Director of the North of England Banking Company.

Mr. John Harding, a Banker at Barlington in Yorkshire.

Mr. Simon Martin, of the firm of Gurney's, Birkbeck, and Martin, Bankers, Norwich.

Mr. John Wood, Chairman of Stamps and Taxes.

Mr. Samuel Gurney, of the firm of Everand Gurney and Co. Bill Brokers, London.

Mr. Samuel Bignold, formerly Director of the late Norwich and Norfolk Banking Company.

Mr. Daniel Robertson, Manager and Agent of the National Provincial Bank of England.

The committee delivered the following

REPORT.

The secret committee appointed to inquire into the operation of the act of 7 Geo. IV. c. 46, permitting the establishment of joint stock banks, under certain restrictions, and whether it be expedient to make any alteration in the provisions of that act, have considered the matters referred to them, and have agreed upon the following report:—

"Although their inquiries have not been yet brought to a close, your committee feel it to be their duty to state that the evidence already taken before them has fully proved not only the expediency, but the urgent necessity of having instituted a close and searching examination into the laws which regulate joint-stock banks, the principles on which those establishments are conducted, and the

consequences to which they lead. No subject at the present moment more deeply important to the interests of the public, as well as to the interests of individuals, could have engaged the attention of parliament; and your committee have endeavoured to apply themselves to the execution of their duties with diligence, attention, and zeal.

" In order to bring before your committee the more important facts of the case, their chairman was instructed to address to the several joint stock banks throughout England and Wales a circular to the following effect:—

(PRIVATE CIRCULAR.)

Downing Street, May 21.

" ' GENTLEMEN,

" ' In pursuance of a resolution of the House of Commons, adopted unanimously on the 13th instant, a committee has been appointed " to inquire into the operation of the act of the 7th Geo. IV., c. 46, permitting the establishment of joint stock banks under certain restrictions, and to examine whether it be expedient to make any alterations in the provisions of that act." Of that committee I have the honour to be the chairman, and at the first meeting I was requested to obtain from the joint stock banks such information as may enable the committee to execute the duties confided to them by the legislature.

" ' As it was considered just to the parties concerned that the committee appointed should be one of secrecy, for the purpose of avoiding any disclosure of private transactions not required by the public interest, in place of transmitting to you the usual order of the committee, issued under the power and authority of the House of Commons, it has been judged more advisable that this communication should be addressed to the joint-stock banks by me as chairman, and that your reply should be addressed under cover to " the Chancellor of the Exchequer," and marked " confidential bank returns." I inclose two papers, calling your attention to the particular points on which the committee require information, and you will be so good as to fill up the return with as little delay as possible. The account of liabilities and assets (No. 2.) should, if possible, be furnished for the three last half-yearly periods to which your accounts are made up, and the answers to the questions in the paper (No. 1.) may be made in reference to your last period of balance. This may, I hope, diminish the trouble imposed upon you; and the returns called for may also limit the examination of witnesses. You will not hold yourself precluded from adding any explanations not coming within the scope of these inquiries; and I can assure you, that whilst I place every confidence in the zeal and readiness with which you will promote the objects of this inquiry, it is at the same

time the earnest desire of the committee so to govern their proceedings as most to conduce to the convenience of all parties concerned.

" ' I am, &c.

" ' (Signed)

" ' T. Spring Rice.' "

" The questions and form of account alluded to in the circular are as follow :—

" ' QUESTIONS. " ' ANSWERS.

" ' Name of the joint stock bank, and date of commencing business ?

" ' Number and situation of branches, and distance of each from central bank ?

" ' 3. Amount of nominal capital ?

" ' 4. Number of shares, and nominal value of each share ?

" ' 5. Number of shares issued ?

" ' 6. Amount of paid-up capital ?

" ' 7. Date of the several calls for paid up capital, and amount of the several instalments paid up ?

" ' 8. Number of shares (if any) which may have been forfeited for non-payment of instalments ?

" ' 9. Rate of declared dividend ?

" ' 10. Variations in rate of dividend, and date of such variations ?

" ' 11. Date of deed of settlement, and number of persons who have signed such deed ?

" ' 12. Copy of deed of settlement; when it has been printed and published ?

" ' 13. Copies of the last reports and accounts laid before the proprietors ; a statement of the nature of the audit and examination to which such cash accounts are subjected, and of the responsibility under which such reports are prepared ?

" ' 14. Statement whether the bank holds any and what amount of its own shares or stock, either in trust as security for advances, or in its own right ?

" ' 15. Places at which promissory notes and bank post bills are made payable ?

" ' 16. At what date or sight bank post bills are issued ?

" ' 17. Rate of interest paid by the bank, whether on deposits or balances of account ?

" ' 18. Variations in such rate, and date of such variations ?

" ' Date to which the account is made up ?

(No. 2.)

Account of the Liabilities and Assets of the Joint Stock Bank of _____

LIABILITIES.	£ s. d.	ASSETS.	£ s. d.
Amount of Promissory Notes payable on demand.....		Cash in Coin and Bank of England Notes	
Bank Post Bills		Stock:	
Other original Bills drawn or accepted by the Bank...		1. Government Stock Exchequer Bills, Bank of England Stock, India Stock or Bonds	
Bills bearing the endorsement or guarantee by the Bank..		2. All other Stock and Shares in Public Companies, distinguishing the amount (if any) of its own shares or stock held by the Bank itself, or in trust for the Bank.....	
Deposits:			
1. Bearing interest, and at what rate			
2. Not bearing interest			
Balances of Accounts current due from the Bank:		Bills of Exchange	
1. Bearing interest, and at what rate		Distinguishing the amount (if any) overdue	
2. Not bearing interest		All other securities not included as above	
All other liabilities, not included as above			
Total Liabilities...£		Total Assets...£	

"An objection was at first raised on the part of some of these establishments against furnishing the information required; but this objection was very soon abandoned, and the greatest readiness was generally expressed on the part of the joint stock banks to lay before your committee the most minute details illustrative of their mode of transacting business.

"Your committee cannot avoid remarking, that this readiness to meet inquiry is in itself the surest pledge and guarantee of the sound principles on which these or any other establishments are conducted, and of the fidelity with which the duties confided to directors and managers are performed. Had the objection been persisted in, your committee would not have hesitated in reporting the facts specially, confident that the house would not have permitted any individuals whatever to impede an inquiry instituted by Parliamentary authority, and with a view to the public interests.

"Your committee have felt it to be their duty to submit the evidence to the reconsideration of the several witnesses examined, in order that they might be enabled to express an opinion whether the same might be published without risk or inconvenience.

"To this rule they made one exception; in the case of the Norwich and Norfolk Bank, which has now ceased to exist, and in respect to which the same motives for reserve could not be held to apply, your committee have published the whole evidence as it was given, without any second communication to the witnesses. That case illustrates most forcibly the evils consequent upon a misapplication of the principles of joint stock banking, and the danger resulting

from mis-management and irregularity. At the same time your committee must guard against the inference that the disclosures made in that case by the three witnesses examined furnish any evidence of the mode in which the joint stock banks of England are generally conducted. On the contrary, many of the establishments appear to be prudently conducted; and though an inattention to the sound principles on which banking operations should be conducted is exhibited in several cases, the ultimate solvency of the banks, and their power of fully meeting their engagements, must not be brought into doubt.

"The evidence taken before your committee, and the returns from the stamp office, establish the fact that these Banks are rapidly extending in all directions; that new companies are daily forming, and that an increased number of branches and agencies are spreading throughout England, even in small towns and villages,—that a principle of competition exists, which leads to the extinction of all private banks, and to their conversion into banking companies. The mode in which this is effected, and the principle on which the issue of transferable shares acts at once on private banks, and generally on commercial credit, is fully developed in the evidence.

"Your committee have had before them the deeds of settlement of the greater number of the existing joint stock banks, and they proceed to submit to the House an analysis of some of their leading provisions.

"Though the general objects of these establishments are much alike, yet there are some variations in their deeds of settlement, which it may be material to point out.

"First, as to the power of altering the regulations of the company.

The active duties are generally delegated to a small body called the directors, while the main body of proprietors reserve to themselves the power of selecting the directors, and of altering from time to time the rules by which the directors are to be governed. Indeed, it might have been expected that the proprietors would always have reserved to themselves this power; nor should this general rule have been noticed, had it not been necessary to point out a single exception to it, in the case of one particular company, in which all the powers of the company are vested in the directors of the central bank, till January, 1838, and even after that date this authority is only to be controlled by the 'general board of directors,' consisting of the central directors themselves, and of the local directors of branch banks, appointed by them. The deeds of all the other companies expressly give a power to the shareholders to make new laws and regulations.

"Secondly, as to the mode of conducting the business of banking.

"This is for the most part set out in general terms. Some banking companies content themselves with defining the business to be 'banking in all its branches;' in other cases, it is called 'the business of bankers.'

" Advancing money on real security is in no instance forbidden. The deeds of three companies are silent on the subject; the rest expressly allow it.

" The majority of the deeds are silent on the subject of the purchase of land. The ——— Banking Company expressly allows it. The ——— Banking Company and the Union Banking Company expressly forbid it.

" An advance of money on mining concerns is in no instance expressly allowed; in many it is expressly forbidden; in the majority it is passed over in silence.

" Advances of money upon any 'public foreign government stock, or the stock of any foreign chartered public company,' is directly sanctioned in the deeds of four banking companies. Investment in foreign government stock or funds is allowed by the deed of another bank. Such advances are expressly forbidden by many of the deeds, and are passed over in silence by many others.

" In no instance is the company forbidden to become the purchaser of its own shares; but, on the contrary, power is expressly given to do so by means of the deeds, and that to any amount. The only modifications of this power which your committee have found, are in the case of one banking company, in which the directors are authorised to purchase shares in the case only of a refusal to admit as a proprietor the person proposing to buy; and in the case of another bank, the number of shares to be bought in by the directors is restricted to forty.

" Thirdly, as to the degree of publicity to be given to the proceedings.

" No principle seems to be more attended to, or prominently put forward, than that of preserving secrecy as to the state of the accounts of the customers of the banks. To this principle there does not appear to be an exception.

" The directors are in general required to sign a declaration pledging themselves to observe secrecy as to the transactions of the bank with their customers, and the state of the accounts of individuals. In some of the companies, this declaration is also to be signed by all the clerks and officers. One banking company goes so far as to require an oath to this effect. If the proprietors are dissatisfied with the statement of accounts, made by the directors, a power is generally reserved to appoint auditors or inspectors for the examination of the books; but these auditors or inspectors are required to sign a similar declaration of secrecy.

" No proprietor, not being a director, is entitled to inspect any of the books of the company.

" The directors are in general bound to exhibit to the general meeting of the shareholders a summary or balance-sheet of their affairs, and to make such further statement or report as the directors may deem expedient, and conducive to the interests of the company. In the case of one of these banks even this is not obligatory by the

terms of the deed, which leave it to the discretion of the directors whether they do or do not exhibit a balance-sheet. In a very extensive bank the proprietors annually appoint auditors to examine the affairs of the company and to report thereon.

" In some of the companies the principle of secrecy is carried still further: two of the directors, selected from the rest, are the exclusive depositors of the power of inspecting the private accounts of customers. These persons are sometimes called ' confidential directors.' This provision is stated to be made ' in order that the credit and private transactions of individuals may be preserved inviolate.' Sometimes they are called ' managing directors,' sometimes ' special directors.' In other companies, though all the directors have the power of inspection of the accounts of customers, two of the directors are selected to inspect bills and notes, ' in order to prevent the exposure of such bills of exchange and promissory notes as may pass through the bank.' These two directors are called ' the bill committee.' In two of the companies a single person, called ' the manager,' has the exclusive power of inspecting bills and notes.

" Fourthly, as to the terms on which the company is to be dissolved.

The deeds of all these companies contain some provision for dissolution in certain contingencies. It is in general provided that a dissolution of the company shall take place by reason either of a certain amount of loss, or of a voluntary agreement. Dissolution by reason of loss in the great majority of the deeds is provided for in the following manner.

" It is necessary to premise that the directors of each of these companies are bound to set aside a certain portion of the profits to form a fund to meet extraordinary demands, which fund is sometimes called the ' surplus fund,' sometimes the ' reserve fund,' but more usually the ' guarantee fund.' The ordinary provision for dissolution is to this effect:—That if the losses sustained shall at any time have absorbed the whole of this guarantee fund, and also one-fourth of the capital paid up, then any one shareholder may require the dissolution of the company, which shall take place accordingly, unless two-thirds in number and value of the shareholders shall be desirous of continuing the company, and shall purchase the shares of those proprietors who wish to withdraw. In one bank the dissolution of the company takes place upon a loss of one-fifth instead of one-fourth of the capital. In two other banks no mention is made of the guarantee fund.

" The provision of the great majority of deeds, as above stated, is, that in the event of a given amount of loss, any one shareholder may propose the dissolution. In some, three shareholders are required. In the Banking Company A. the requisition for dissolution must be made by ten shareholders holding 200 shares; in the Bank B. by one-fourth of the company; but if the loss amount to one-half the capital, then by any single shareholder.

" By the general provisions of the great majority of deeds, the dissolution of the company, though duly proposed, may be averted by two-thirds of the proprietors; but in some there exists no such restriction; and on the occurrence of a given amount of loss, the dissolution, if proposed, must necessarily take place. In other instances, on the appearance of a given amount of loss, the dissolution is to take place immediately, even though no partner should propose it.

" The Banking Company C. has provisions for dissolution peculiar to itself, and among others it is set forth, that the partnership shall determine on the first of January, 2001.

" The Bank of D., besides the usual provision for dissolution in case of a loss, has a provision for dissolution if the company shall not repay a contribution to a shareholder who shall have been compelled to pay a debt of the company.

" A dissolution, by voluntary agreement, may in general be directed by a majority of two-thirds of the shareholders in number and value, but with the concurrence of a certain number of the directors.

" In some companies a voluntary dissolution may be effected by three-fourths of the shareholders; in others by a majority; in a few others there is no provision for a voluntary dissolution.

" The House will see, from this analysis, that these deeds of partnership, on which depend the whole transactions of the banks and their responsibility to the public, so far from being framed according to one common and uniform principle, differ materially from each other in many most important particulars; and in some instances the deeds contain provisions open to very serious objections, as entailing possible consequences highly injurious to the interests of the public, and of the banking establishments themselves.

" Your committee will now call the attention of the house to some few facts which illustrate the present system.

" Subject to the local restrictions imposed for the protection of the privilege of the Bank of England, it is open to any number of persons to form a company for joint stock banking, whether for the purpose of deposit, or of issue, or of both.

" 1. The law imposes on the joint stock banks no preliminary obligation beyond the payment of a license duty, and the registration of the names of shareholders at the stamp office.

" 2. The law does not require that the deed of settlement shall be considered or revised by any competent authority whatever, and no precaution is taken to enforce the insertion in such deeds of clauses the most obvious and necessary.

" 3. The law does not impose any restrictions upon the amount of nominal capital. This will be found to vary from £5,000,000 to £100,000, and in one instance an unlimited power is reserved of issuing shares to any extent.

" 4. The law does not impose any obligation that the whole or

any certain amount of shares shall be subscribed for before banking operations commence. In many instances banks commence their business before one-half of the shares are subscribed for, and 10,000, 20,000, and 30,000 shares are reserved to be issued at the discretion of the directors.

" 5. The law does not enforce any rule with respect to the nominal amount of shares. These will be found to vary from £1,000 to £5. The effects of this variation are strongly stated in the evidence.

" 6. The law does not enforce any rule with respect to the amount of capital paid up before the commencement of business. This will be found to vary from £105 to £5.

" 7. The law does not provide for any publication of the liabilities and assets of these banks, nor does it enforce the communication of any balance sheet to the proprietors at large.

" 8. The law does not impose any restrictions by which care shall be taken that dividends are paid out of banking profits only, and that bad or doubtful debts are first written off.

" 9. The law does not prohibit purchases, sales, and speculative traffic on the part of the companies in their own stock, nor advances to be made on the credit of their own shares.

" 10. The law does not provide that the guarantee fund shall be kept apart, and invested in government or other securities.

" 11. The law does not limit the number of branches, or the distance of such branches from the central bank.

" 12. The law is not sufficiently stringent to insure to the public that the names registered at the Stamp-office are the names of persons *bonâ fide* proprietors, who have signed the deed of settlement, and who are responsible to the public.

" 13. The provisions of the law appear inadequate, or at least are disregarded, so far as they impose upon banks the obligation of making their notes payable at the place of issue.

" All these separate questions appear to your committee deserving of the most serious consideration, with a view to the future stability of the banks throughout the United Kingdom, the maintenance of commercial credit, and the preservation of the currency in a sound state.

" The most important facts which have come under the consideration of your committee are connected with the operation of the joint stock banks on credit and circulation. It appears that a great extension has been given to both, and that if the operations of all banks, whether private, or formed on joint stock principles, are not conducted with prudence and with caution, measures adopted by the Bank of England with a view to the state of the foreign exchanges, and of the consequent demand for bullion, may be contracted by the advances and increased issues of country banks. The following table will exhibit the progress of the circulation for some time past, and it is to be inferred from the increased issues of joint stock banks at periods when the Bank of England was endeavouring to limit the

amount of paper in circulation, that a due attention was not given by them to the returns published in *The Gazette* under the act of the 3d and 4th Will. IV. c. 98.

AN ACCOUNT OF THE AGGREGATE AMOUNT OF NOTES CIRCULATED IN ENGLAND AND WALES

By Private Banks, and by Joint Stock Banks and their Branches; distinguishing Private from Joint Stock Banks.

From Returns directed by 3rd and 4th William IV. cap. 83.

Quarters ending	Private Banks.	Joint Stock Banks.	Total.
28 December, 1833	8,836,803	1,315,301	10,152,104
29 March, 1834	8,733,400	1,458,427	10,191,827
28 June, ,, ...	8,875,795	1,642,887	10,518,682
27 September ,, ...	8,370,423	1,783,689	10,154,112
28 December ,, ...	8,537,655	2,122,173	10,659,828
28 March, 1835	8,231,206	2,188,954	10,420,160
27 June, ,, ...	8,455,114	2,484,687	10,939,801
26 September ,, ...	7,912,587	2,508,036	10,420,623
26 December ,, ...	8,334,863	2,799,551	11,134,414
26 March, 1836	8,353,894	3,094,025	11,447,919
25 June, ,, ...	8,614,132	3,588,064	12,202,196

JOHN WOOD.

Stamps and Taxes, Aug. 2, 1836.

BANK OF ENGLAND.

	Circulation.	Deposits.	Bullion.	Securities.
28 December, 1833 ...	17,469,000	15,160,000	10,200,000	24,576,000
29 March, 1834 ...	18,544,000	13,750,000	8,753,000	25,787,000
28 June, ,, ...	18,689,000	15,373,000	8,885,000	27,471,000
27 September, ,, ...	18,437,000	12,790,000	6,917,000	26,915,000
28 December, ,, ...	17,070,000	13.019,000	6,978,000	25,551,000
28 March, 1835 ...	18,152,000	9,972,000	6,295,000	24,533,000
27 June, ,, ...	17,637,000	11,753,000	6,613,000	25,221,000
26 September, ,, ...	17,320,000	13,866,000	6,284,000	27,724,000
26 December, ,, ...	16,564,000	20,370,000	7,718,000	31,764,000
26 March, 1836 ...	17,669,000	12,875,000	8,014,000	25,521,000
25 June, ,, ..	17,184,000	15,730,000	6,868,000	28,847,000

" Your committee cannot too strongly recommend to all parties engaged in banking the utmost caution and prudence in these respects, both at the present and in their future operations.

" It was under the consideration of your committee whether the law, and the practice which they have described, did not require the interposition of the legislature even during the present session. They have been led to decline pursuing this course because their

inquiries are incomplete, and because they feared that more inconvenience might have resulted from an imperfect measure than from allowing the evils of the present system to continue without legislative remedy till the next session of parliament. If a bill had been introduced, prospective only in its enactments, an inference might have been raised contrary to that which is the decided opinion of your committee—namely, that the existing banks are subjected to any revision of the law which parliament may enact. The right of the legislature to interfere, not only in respect to banks to be established hereafter, but in respect to existing establishments also, is a principle which your committee are prepared to assert in the strongest manner. They have now before them the accounts of the existing joint stock banks, exhibiting in very minute detail their mode of conducting their business. If, as your committee strongly recommend, it should be the pleasure of the House to renew this inquiry at the opening of the next session, a continuation of these accounts would necessarily be called for. It is the earnest hope of your committee, that the comparison of these two series of accounts may prove that the banking operations during the recess may have been conducted with prudence and caution, and more particularly that those who assume the responsibility of issuing notes payable on demand have felt it to be their pressing duty to examine accurately the state of the exchanges, the proceedings of the Bank of England in reference to its issues, and may thus guard against the dangerous error of an imprudent extension either of credit or of circulation when an opposite course was rendered necessary.

"Your committee, in conclusion, feel it their duty not only to recommend caution to the directors and managers, but vigilance and attention to the proprietors of joint stock banks also. By several of the deeds of settlement, imperfect as many of those deeds are, it has been already shewn that the proprietors are entitled to an inspection of the balance-sheet, and in some instances to an examination of that account. When it is considered how great is the responsibility which the law imposes on these shareholders, your committee cannot but hope that these functions will be strictly exercised by the proprietors. On this check much will depend during the interval which must elapse before parliament is called upon to interfere further."

August 20, 1836.

From the information supplied by the committee, I have framed the following table, containing a list of eighty-nine Joint Stock Banks. The Banks are arranged alphabetically according to the places where the Head Offices are situated.

No	Name.	Head Office.	When first established.	Prest. No. of Ptnrs.	Number of Brnches.	Nominal Capital.	Number of Shares.	Amt. of Share	No. of Shares issued.	Paid up Capital.	Last Dividend.
1	Ashton, Stalybridge, Hyde and Glossop Bank	Ashton	June 18, 1836	328							
2	Barnsley Banking Company	Barnsley	Jan. 25, 1832	118	none	300,000	3,000	100	2,515	25,150	6½
3	Birmingham Banking Company	Birmingham	Sept. 30, 1829	311	none	500,000	10,000	50	10,000	50,000	10
4	Bank of Birmingham	Ditto	Aug. 2, 1832	227	none	500,000	10,000	50	7,642	73,785	10
5	Birmingham Town and District Banking Company	Ditto	July 4, 1836	314							
6	Bolton Joint Stock Banking Company	Bolton	May 30, 1836	166							
7	Bradford Banking Company	Bradford	July 7, 1827	173	none	500,000	5,000	100	3,865	77,300	10
8	Bradford Commercial Joint Stock Banking Company	Bradford	Feb. 27, 1833	160	none	500,000	5,000	100	2,940	44,100	7
9	Bristol Old Bank	Bristol	June 16, 1826	8							
10	Stuckey's Banking Company	Ditto	Oct. 9, 1826	35	15	300,000	3,000	100	2,800	60,000	£2
11	West of England and South Wales District Bank	Ditto	Dec. 23, 1834	469	9	1,000,000	50,000	20	21,000	209,882	5
12	Bury Banking Company	Bury	June 14, 1836	104							
13	Leith Banking Company	Carlisle	Nov. 23, 1827	16							
14	Bank of South Wales	Carmarthen	Feb. 26, 1835	7							
15	Cheltenham and Gloucestershire Bank	Cheltenham	May 19, 1836	99	none	500,000	10,000	50	3,000	15,000	
16	Chesterfield and North Derbyshire Banking Company	Chesterfield	Dec. 21, 1833	98	none	250,000	2,500	100	2,320	23,200	6
17	Coventry and Warwickshire Banking Company	Coventry	Dec. 13, 1835	261	1	400,000	8,000	50	7,000	35,000	
18	Coventry Union Banking Company	Ditto	May 12, 1836	158	none	200,000	10,000	20	5,610	28,050	
19	Darlington District Joint Stock Banking Company	Darlington	Dec. 22, 1831	248	4	400,000	5,000	100	3,695	55,425	10
20	Derby and Derbyshire Banking Company	Derby	Dec. 28, 1333	204	2	250,000	5,000	50	4,000	20,000	6
21	Dudley and West Bromwick Banking Company	Dudley	Dec. 30, 1833	190	1	400,000	8,000	50	6,005	30,025	6
22	Gloucestershire Banking Company	Gloucester	June 28, 1831	265	4	500,000	10,000	50	10,000	100,000	10
23	Gloucester County and City Bank	Ditto	Dec. 31, 1834	23	none	100,000	200	500	116	19,720	£3
24	Halifax Joint Stock Banking Company	Halifax	Nov. 11, 1829	171	none	500,000	5,000	100	3,925	39,225	12.10
25	Halifax and Huddersfield Union Banking Company	Ditto	June 29, 1836	404							
26	Holywell Bank, North Wales	Holywell	Nov. 11, 1834	7							
27	Huddersfield Banking Company	Huddersfield	June 7, 1827	335	none	700,000	7,000	100	6,500	65,000	8¾
28	Morfield and Huddersfield Banking Company	Ditto	Dec. 29, 1832	263							
29	Hull Banking Company	Hull	Nov. 30, 1833	247	15	800,000	8,000	100	4,220	42,200	6
30	Bank of Westmorland	Kendal	June 8, 1833	154	1	250,000	2,500	100	2,095	20,950	
31	Knaresborough and Claro Banking Company	Knaresborough	Sept. 14, 1831	274							

No	Name.	Head Office.	When first established.	Prest. No. of Ptnrs	Number of Branches.	Nominal Capital.	Number of Shares.	Amt. of Share	No. of Shares issued.	Paid up Capital.	Last Divi. dend.
32	Lancaster Banking Company	Lancaster	Oct. 9, 1826	127	2	300,000	3,000	100	2,430	48,600	10
33	Leamington Bank	Leamington	May 12, 1835	157	none	200,000	10,000	20	5,180	25,710	
34	Leamington, Priors, & Warwickshire Banking Company	Leamington	Aug. 27, 1835	135	4	200,000	10,000	20	3,670	22,020	
35	Leeds Banking Company	Leeds	Nov. 22, 1835	451	none	1,000,000	10,000	100	7,740	116,100	8
36	Yorkshire District Bank	Ditto	July 30, 1834	680	18	1,000,000	50,000	20	31,211	311,110	5
37	Leeds and West Riding Banking Company	Ditto	Nov. 28, 1835	161	3	400,000	20,000	20	9,000	45,000	
38	Leeds Commercial Banking Company	Ditto	June 21, 1836	220							
39	Leicestershire Banking Company	Leicester	Aug. 28, 1829	101	4	500,000	5,000	108	3,191	47,865	7½
40	Pares's Leicestershire Banking Company, or Leicestershire Union Banking Company	Leicester	March15,1836	15	3	100,000	8,000	1210	6,330	15,825	
41	Lincoln and Lindsey Banking Company	Lincoln	Aug. 10, 1833	230	9	250,000	1,250	200	1,000	20,000	6
42	Litchfield, Rugeley, and Tamworth Banking Company	Litchfield	Nov. 21, 1835	98	2	100,000	10,000	10	54,000	26,000	
43	Bank of Liverpool	Liverpool	April 23, 1831	441	none	3,000,000	30,000	100	25,810	258,100	8
44	Liverpool Commercial Banking Company	Ditto	Dec. 29, 1832	263	none	510,000	50,000	10	24 440	244,400	7
45	Union Bank of Liverpool	Ditto	May 2, 1835	323	none	600,000	30,000	20	17,175	171,750	
46	Liverpool Tradesmen's Bank	Ditto	March22,1836	542	none	250,000	25,000	10	18,420	46,050	
47	North and South Wales Bank	Ditto	April 30, 1836	526	2	600,000	60,000	10	20,000	25,000	
48	Liverpool United Trades Bank	Ditto	May 12, 1836	319	none	400,000	20,000	20	10,000	65,000	
49	Liverpool Borough Bank	Ditto	June 28, 1836	369							
50	Royal Bank of Liverpool	Ditto	April 30, 1836	215	none	2,000,000	2,000	1000	876	91,980	
51	National Provincial Bank of England	London	Dec. 27, 1833	487	53	1,200,000	10,000	120	all	350,000	5
52	Bank of Manchester	Manchester	Mar. 19, 1829	552	3	2,000,000	20,000	100	20,000	500,000	7
53	Manchester and Liverpool District Bank	Ditto	Nov. 26, 1829	1054	22	5,000,000	50,000	100	50,000	749,600	7½
54	Northern and Central Bank of England	Ditto	Mar. 12, 1834	1204	40	1,000,000	100,000	10	71,186	711,860	7
55	Commercial Bank of England	Ditto	July 1, 1834	444	18	500,000	100,000	5	52,001	260,005	6
56	Union Bank of Manchester	Ditto	May 6, 1836	598	none	600,000	24,000	25	19,630	49,075	
57	South Lancashire Bank	Ditto	May 25, 1836	778							
58	Manchester and Salford Bank	Ditto	June 15, 1836	255							
59	North Wilts Banking Company	Melksham	Nov. 6, 1835	152	11	250,000	10,000	25	7385	36,925	
60	North of England Joint Stock Banking Company	Newcastle on T.	Nov. 28, 1832	571	4	2,000,000	20,000	100	16,000	240,000	£3 6.
61	Northumberland and Durham District Banking Co.	Newcastle	May 23, 1836	464							

No.	Name.	Head Office.	When first established.	Prest. No. of Ptnrs.	Number of Brnches.	Nominal Capital.	Number of Shares.	Amt. of Share	No. of Shares issued.	Paid up Capital.	Last Divi. dend.
62	Newcastle upon Tyne Joint Stock Banking Company .	Newcastle	June 27, 1836	136							
63	Newcastle, Shields, and Sunderland Joint Stock B. C.	Ditto	July 11, 1836	436							
64	Newcastle Commercial Banking Company	Ditto	July 16, 1836	318							
65	Northamptonshire Banking Company	Northampton	May 13, 1836	296							
66	Northamptonshire Union Bank.....	Ditto	May 23, 1836	464							
67	Norfolk and Norwich Joint Stock Banking Company .	Norwich	Mar. 31, 1827	125							
68	East of England Bank.	Ditto	Feb. 27, 1836	534	16	1,000,000	50,000	20	15,878	75,752	
69	Nottingham and Nottinghamshire Banking Company .	Nottingham	April 12, 1834	272	5	500,000	10,000	50	6261	62,610	
70	Moore and Robinson's Nottinghamshire Banking Co...	Ditto	July 12, 1836	28							
71	Devon and Cornwall Banking Company.....	Plymouth	Dec. 31, 1831	146	9	300,000	3000	100	2019	40,380	7
72	Saddleworth Banking Company	Saddleworth	June 29, 1833	114	2	300,000	6000	50	5930	29,650	10
73	Wilts and Dorset Banking Company	Salisbury	Jan. 11, 1836	485	21	300,000	20,000	15	9693	42,672	
74	Sheffield Banking Company.....	Sheffield	June 24, 1831	225	1	300,000	1500	200	1381	75,955	8
75	Sheffield and Hallamshire Banking Company.....	Ditto	May 20, 1836	738							
76	Sheffield and Rotherham Joint Stock Banking Company	Ditto	June 25, 1826	234							
77	Shropshire Banking Company	Sheffnall	May 27, 1836	277							
78	Hampshire Banking Company	Southampton	April 29, 1834	141	3	300,000	6,000	50	4,834	24,170	7½
79	Stamford and Spalding Joint Stock Banking Company	Stamford	Dec. 28, 1831	85	5	150,000	1,500	100	1,100	44,000	7½
80	Bank of Stockport.....	Stockport	May 3, 1836	390	none				12,740	31,850	
81	Stowbridge and Kidderminster Banking Company.....	Stowbridge	April 9, 1834	223	6	250,000	10,000	25	9,000	45,000	6
82	Wakefield Banking Company	Wakefield	Oct. 25, 1832	192	none	300,000	6,000	50	5,605	44,840	8
83	Bank of Walsall and South Staffordshire	Walsall	Aug. 10, 1835	112	1	200,000	8,000	25	5,000	25,000	
84	Warwick and Leamington Banking Company.....	Warwick	Sept. 10, 1834	122	4	250,000	10,000	25	6,260	31,310	6
85	Whitehaven Joint Stock Banking Company	Whitehaven	May 25, 1829	236	1	300,000	3,000	100	2,805	28,050	10
86	Wolverhampton and Staffordshire Banking Company	Wolverhampton	Dec. 28, 1831	238	none	500,000	10,000	50	10,000	50,000	6
87	Cumberland Union Banking Company	Workington	Mar. 13, 1829	52							
88	York City and County Banking Company.....	York	March 2, 1834	267	5	500,000	5,000	100	5,000	75,000	12
89	York Union Banking Company	Ditto	April 23, 1833	277	4	700,000	7,000	100	5,745	57,450	8

Upon this table I shall make the following observations.

1. The committee have given a list of eighty-nine banks, with the date when established, and the number of partners as registered at the Stamp-office. They have given the remaining particulars of only sixty-two banks.

2. The titles of the banks indicate the sphere of their operation, and show that they are all County or District Banks. There are three that have a more general title, but two of these are District Banks, and have their head-quarters at Manchester.

From the places where the head-offices are established, we may infer that the Joint Stock Banks are pretty equally distributed throughout the kingdom, in proportion to the trade and population of the respective districts. Liverpool is the head-quarters of eight banks — Manchester of seven — Newcastle upon Tyne five—and Leeds four. Three places, Birmingham, Bristol, and Sheffield, have three each. There are ten places that have two, and the remaining sixteen places have one each.

3. From the dates of the registry we can trace the progress of joint stock banking. The number of banks registered:

In 1826 was	3	In 1832 was	7
1827	4	1833	10
1828	-	1834	10
1829	7	1835	9
1830	1	July 19, 1836	30
1831	8		
		Total	89

Since July 19, several others have been formed, and are of course not included in the above list.

4. The total number of partners in these eighty-nine banks is 24,938, all of whose property is liable for the obligations of their respective banks.

The number of Banks having fewer than 100 partners, is		13
Banks having above 100 but not	200	23
200	300	23
300	400	9
400	500	10
500	1000	9
1000 partners		2
	Total	89

5. Of the sixty-two banks that have made the returns twenty-three have no branches.

	No. Branches		No. Branches.
6 have	1 - 6	2 - 15 -	30
5 -	2 - 10	1 - 16 -	16
4 -	3 - 12	2 - 18 -	36
7 -	4 - 28	1 - 21 -	21
3 -	5 - 15	1 - 22 -	22
1 -	6 - 6	1 - 40 -	40
3 -	9 - 27	1 - 15 -	15
1 -	11 - 11		
		Total No. Branches	330

Under the general name of branches, I have included sub-branches and agencies. If to these 330, we add the head-offices of the above sixty-two banks, we have a total of 392, exclusive of the remaining twenty-seven, and their branches.

6. The committee have given the nominal capital of only sixty-one banks. They may be thus classed:—

Nominal Capital.	No. of Banks.	Total Nominal Capital.
100,000	3	300,000
150,000	1	150,000
200,000	4	800,000
250,000	8	2,000,000
300,000	10	3,000,000
400,000	5	2,000,000
500,000	13	6,500,000
600,000	3	1,800,000
700,000	2	1,400,000
800,000	1	800,000
1,000,000	5	5,000,000
1,200,000	1	1,200,000
2,000,000	3	6,000,000
3,000,000	1	3,000,000
5,000,000	1	5,000,000
Total	61	£38,950,000

7. Amount of each share. It will be seen that the nominal value of the shares vary from £1000 to £5. It was supposed that shares of a low denomination were taken chiefly by an inferior class of persons who could not afford to take shares of a higher value. With a view to ascertain how far this opinion was correct, I constructed the following table:—

Amount of each Share.	No. of Banks of each denomination of Shares.	Total Number of Shares.	Total Number of Shares issued.	Total No. of Proprietors.	Total Amount of Paid up Capital.	Average No. of Shares held by each Proprietor.	Average Amount of Capital Paid by each Proprietor.	Average Amount of Capital Paid-up by each Bank.	Average number of Proprietors belonging to each Bank.
1000	1	2000	876	215	91,980	4	427	91980	215
500	1	200	116	23	19,720	5	857	19720	23
200	2	2750	2,381	455	95,955	5	210	47977	227
100	23	212500	186,715	6541	2,907,695	28	444	126421	284
50	12	99000	80,277	2514	535,080	31	212	44590	209
25	5	62000	47,275	1207	187,310	39	155	37462	241
20	10	260000	128,724	2936	1,054,274	43	359	105427	293
15	1	20000	9,693	485	42,672	19	87	42672	485
£12 10	1	8000	6,330	15	15,825	422	1055	15825	15
10	5	245000	139,446	2633	1,053,310	52	400	210662	526
5	1	100000	52,001	444	200,005	117	585	260005	444

From this table it appears that the general effect of small shares is, that each shareholder takes a greater number. Thus, in the banks of £100 shares, each proprietor has taken upon an average twenty-eight shares, on which he has paid the sum of £444. In the banks of £20 shares, each proprietor has taken forty-three shares, and paid £359. In the banks of £10 shares each proprietor has taken fifty-two shares, and paid £400. While in the only bank of £5 shares, each proprietor has taken one hundred and seventeen shares, and paid £585.

It may be observed too, that the banks which have the small shares are those most recently formed, and hence they have not had time to call up any large amount of capital. Thus, there are five banks having £10 shares. One of these were formed only in last November, and two others in the present year. Of the remaining two which are of longer standing, the average sum paid by each proprietor in one case is £591 and in the other £929. If then the average sum paid up by each proprietor be any criterion of the respectability of the proprietary, there is no evidence from these returns that the proprietors of the £5, £10, and £20 banks are less respectable than those of banks whose shares are of a higher denomination.

8. The committee have stated the paid-up capital of sixty-two of these banks. The sum is £6,295,678. Supposing that the remaining twenty-seven banks, have the same average amount of capital, the total is £8,935,801. This is not the subscribed, but the paid-up capital, and includes only those joint-stock banks that are formed at a greater distance than sixty-five miles from London.

The aggregate amount of notes circulated in England and Wales by the above banks and their branches during the quarter ending June 26, 1836, is £3,588,064. Comparing this sum, with the amount

of the paid-up capital, the proportion is about seven to eighteen.

The aggregate amount of notes, circulated by joint-stock banks and their branches, for the quarter ending December 28, 1833, was £1,315,301; so that the increase in the circulation during the two years and a half has been at the ratio of thirteen to thirty-five, or about one to two and a half. But on December 28, 1833, there were only forty joint-stock banks in existence, and those forty had a much less capital than they have at present. From the information supplied by the committee, it seems probable that the paid-up capital of all the banks in December, 1833, could not be more than £2,000,000. Thus, while the paid-up capital invested in joint-stock banks has been more than quadrupled, the circulation has increased only at the ratio of one to two and a half. During this year many private banks have been merged into joint-stock banks, and the circulation that was previously a private circulation, has become an addition to the joint-stock circulation. In this way the circulation of joint-stock banks will most likely continue to increase.

FINIS.

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